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AGENDA

PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

June 13, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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Personnel and Training
System Planning Environment and Compliance
Utilities Engineering Bureau
Water Quality

John P. Mullane Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Romaine Boldridge at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Rachel Arnstine O'Hara, Clerk, City Hall, Room 362, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-6171; Fax No.: (415) 554-6177; E-mail: Rachel_ArnstineO'Hara@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site <http://www.ci.sf.ca.us/ethics/>.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Introduction of Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a. Right of Way Management Challenges. 7 mins. (Davis)
 - b. Contractor's Townhall Meeting. 4 mins. (Hintze)
 - c. Independent System Operator (ISO) Demand Reduction Program. 7 mins. (Park/Jurosek)
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

9. Discussion and possible action related to Clean Water Program Contract No. CW-265E. (Hintze)

Staff Recommendation: Ratify the declaration of emergency made by the General Manager of Public Utilities to replace the inadequate sewers on Jackson Street between Polk Street and Van Ness Avenue, Clean Water Program Contract No. CW-265E.

10. Discussion and possible action related to electric reliability in San Francisco. (Park)

Staff Recommendation: Urge the Board of Supervisors to urge Pacific Gas & Electric Co. to take all possible actions to substantially reduce the risk of power outages to the City.

11. Discussion and possible action related to endangered species mitigation in San Mateo County. (Medbery)

Staff Recommendation: Authorize the General Manager to utilize a portion of a 28-acre SFPUC-owned parcel of land located at the intersection of Polhemus Road and Bunker Hill Drive in San Mateo County for endangered species mitigation to offset the effects of several SFPUC current capital projects.

12. Discussion and possible action related to the San Joaquin River Group Authority. (Medbery)

Staff Recommendation: Approve the Joint Exercise of Powers Agreement and corresponding Division Agreement for the San Joaquin River Group Authority; recommend to the Board of Supervisors approval to join the San Joaquin River Group Authority; authorize the President of Public Utilities Commission to execute the JPA Agreement; and authorize the General Manager of Public Utilities to execute the Division Agreement.

LEASES AND PERMITS

13. Discussion and possible action related to the jurisdictional transfer of Public Utilities Commission land located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues. (Continued from the meeting of May 23, 2000. Proposed for continuance to the call of the Chair.) (Dowd)

Staff Recommendation: Request the Director of Property to prepare and submit a legislation to the Board of Supervisors to accommodate the jurisdictional transfer of 2,968 sq. ft. of land owned by the Public Utilities Commission, located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues to the Public Transportation Commission, at historical cost.

CONSTRUCTION CONTRACTS

Advertise

14. Discussion and possible action related to Clean Water Program Contract No. CW-234. (Hintze)

Staff Recommendation: Approve the final plans and specifications and authorize advertisement for bids for Clean Water Program Contract No. CW-234, Third Street Sewer System Improvements Phase III.

15. Discussion and possible action related to Clean Water Program Contract No. CW-245. (Hintze)

Staff Recommendation: Approve the final plans and specifications and authorize advertisement for bids for Clean Water Program Contract No. CW-245, Geary Street and Second Street Sewer Replacement

16. Discussion and possible action related to Clean Water Program Contract No. CW-255. (Hintze)

Staff Recommendation: Approve the final plans and specifications and authorize advertisement for bids for Clean Water Program Contract No. CW-255, 26th Avenue/37th Avenue/Arguello Boulevard Sewer Replacement.

17. Discussion and possible action related to San Francisco Water Department Contract No. WD-2329. (Hintze)

Staff Recommendation: Approve the final plans and specifications and authorize advertisement for bids for San Francisco Water Department Contract No. WD-2329, College Hill Reservoir Seismic Retrofit and Improvement Project.

18. Discussion and possible action related to San Francisco Water Department Contract No. WD-2344. (Hintze)

Staff Recommendation: Approve the final plans and specifications and authorize advertisement for bids for San Francisco Water Department Contract No. WD-2344, Forest Hill Tank Replacement.

Award

19. Discussion and possible action related to Water Department Contract No. WD-2295. (Hintze)

Staff Recommendation: Award Water Department Contract No. WD-2295, San Francisco Water Department/Santa Clara Valley Water District Intertie Pipeline and Pump Station, in the amount of \$9,146,220 to Homer J. Olsen.

20. Discussion and possible action related to Clean Water Program Contract No. CW-165. (Hintze)

Staff Recommendation: Award Clean Water Program Contract No. CW-165, Clipper/Noe/Fair Oaks/Kingston Streets Sewer Replacement, in the amount of \$496,545 to D'Arcy & Harty Construction, Inc.

Amend

21. Discussion and possible action related to Clean Water Program Contract No. CW-196. (Hintze)

Staff Recommendation: Approve Contract Modification No. 1 for Contract CW-196, Westside Grit Transport Flushing, with Homer J. Olsen, Inc., increasing the contract amount by \$90,908 for a total contract cost of \$204,908.

PROFESSIONAL SERVICE CONTRACTS

Advertise

22. Discussion and possible action related to Agreement No. CS-557, Hydrogen Sulfide (Odor) Control Alternatives and Improvements in Wastewater Collection System. (Hintze)

Staff Recommendation: Authorize the Utilities Engineering Bureau Manager to advertise and request for proposals for Agreement No. CS-557, Hydrogen Sulfide (Odor) Control Alternatives and Improvements in Wastewater Collection System.

CLOSED SESSION

23. Public comments on matters to be discussed in Closed Session.
24. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation:	As Plaintiff and as Defendant
Property:	500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating:	Lymburn/Thompson/Malamut City of Pleasanton
Under Negotiation:	Terms and Conditions

26. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property:	Balboa Reservoir Property at Phelan and Ocean Avenue
Parties Negotiating:	CCSF – Dowd/Kubick San Francisco City College
Under Negotiation:	Terms

27. Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8:

Property:	Sunol Valley Golf Course
Parties Negotiating:	CCSF – Dowd/Arnold
Lessee:	Sunol Valley Golf and Recreation
Under Negotiation:	Price and Terms

28. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position:	General Manager of Public Utilities
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FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN OPEN SESSION.

29. Announcement following Closed Session.

30. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

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Public Utilities Commission
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San Francisco, CA 94103

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES
REGULAR MEETING

June 13, 2000
1:30 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

AUG 25 2000

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John P. Mullane Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



ORDER OF BUSINESS:

1. Call to order: 1:38 P.M.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Frank L. Cook, Commissioner Ann Moller Caen, Commissioner Ashok Bhatt
3. Approval of Minutes

Moved by Commissioner Caen, seconded by Commissioner Bhatt, to adopt the Minutes of the Special Meeting of February 29, 2000, the Minutes of the Regular Meetings of March 28, 2000 and April 11, 2000; (5-0) unanimously.
4. Communications

No action was taken.
5. Introduction of Old/Ongoing Business by Commissioners

Commissioner Caen directed staff to delete Item 1, *Request to establish a reporting system for sewer repair issues*, from the Old/Ongoing Business List. She said staff had responded with a memorandum to the Commission.
6. Introduction of New Business by Commissioners

There was no new business introduced by Commissioners.
7. Report of the General Manager
 - a. Right of Way Management Challenges.

Mr. Joseph Naras, Watershed Resources Manager, gave a presentation using an overhead projector regarding the SFPUC Right of Way Encroachment Removal Program. Mr. Naras discussed the procedures for addressing encroachment problems. He said the fundamental steps in addressing encroachments are to identify the encroacher and make a determination than an encroachment actually exists. He stated that Watershed Resources staff works closely with the Bureau of Commercial Land Management and the City Attorney's Office in finding solutions to encroachment issues.

He reported that numerous encroachments exist in the Bay Division No. 1 and No. 2 pipelines, located in San Mateo County and staff would focus on removal of encroachments in this area.

Commissioner Makras inquired how staff handles encroachments, for example, a garden on the PUC's right of way versus a garage or a room extended from a house. Mr. Naras responded that when a garden encroaches on PUC's property, staff notifies the encroacher to remove the garden. If an encroachment is a part of the house, or it is an illegal encroachment, staff seeks assistance of the City Attorney. Staff makes their recommendation on a case-by-case basis depending on the value of the property in question and the impact on the adjacent pipeline. They either remove the encroachment or charge the property owner for the land use as a lessee.

Mr. Naras indicated the staff would provide a regular report to the Commission on the status of the Right-of-Way Encroachment Removal Program.

Commissioner Makras suggested establishing a policy for dealing with encroachments. President Normandy directed staff to put this in the front burner. He further directed staff to identify where the encroachments are and start notifying property owners that the PUC is gearing towards removal of illegal encroachments. President Normandy noted that preventing access to PUC properties is crucial as we embark on upgrading the system.

b. Contractor's Town Hall Meeting.

Everett Hintze, Acting Utilities Engineering Bureau Manager, reported that staff held a town hall meeting on June 6, 2000 to inform contractors of future contracting activities and enable them to learn how to do business with the City. Fifty contractors and representatives from the Department of Public Works, Municipal Railway, Airport, and Port Commission attended the meeting. Mr. Hintze thanked Panetta Scott of the Human Rights Commission and Anna Wong of the Utilities Engineering Bureau for organizing the event.

Commissioner Cook suggested continuing this type of meetings on an ongoing basis, perhaps every six or eight months.

c. Independent System Operator (ISO) Demand Reduction Program.

Laurie Park reported that the California Independent System Operator (CAISO) declared that today, June 13, 2000 was a Power Watch Day. Due to hot temperatures, Californians were advised to watch their energy consumption and curtail their use of electricity whenever possible. Ms. Park noted that energy experts warned that warm weather will continue through Thursday and they predicted that California would experience its historic peak electric demand on that day. She stated that Hetch Hetchy was ready to turn on generation and City departments stand ready to turn off power if requested.

In response to Commissioner Makras' question concerning PG&E's involvement, Ms. Park stated that PG&E contacted her this morning and asked Hetch Hetchy's participation in an industry-wide conference call to plan a strategy to pull all available resources together. She thought that PG&E tried to be very diligent.

Mr. Mullane noted that the Commission previously requested staff to communicate to PG&E concerning electric reliability problems in San Francisco. He said the letter had been sent and PG&E had responded. The Commission Secretary and the Commissioners did not receive a copy of PG&E's reply.

President Normandy commended Mr. Mullane for his memo to staff setting guidelines for responding to requests by Commissioners. The memo directed staff to respond to Commission's request for information by way of a memorandum within 30 days. Requests that require an agenda item must be calendared no later than 60 days. Response to any requests requiring more than 60 days to complete should be coordinated through the General Manager.

President Normandy commented that the informational brochures about the Alameda and Peninsula watersheds were excellent. He commended staff for a job well done. Mr. Mullane noted that the brochures were a joint effort by staff of the Water Supply & Treatment Division and Communications section.

President Normandy commended Dorothy Bowman and Personnel staff for the continued progress in lowering PUC's vacancy rate, which was down to 8.6% as of May 2000.

8. Public comments on matters that were not on today's agenda.

There were no public comments.

REGULAR

9. Discussion and possible action related to Clean Water Program Contract No. CW-265E.

Moved by Commissioner Makras, seconded by Commissioner Cook, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0145: Ratify the declaration of emergency made by the General Manager of Public Utilities to replace the inadequate sewers on Jackson Street between Polk Street and Van Ness Avenue, Clean Water Program Contract No. CW-265E.

10. Discussion and possible action related to electric reliability in San Francisco.

Staff Recommendation: Urge the Board of Supervisors to urge Pacific Gas & Electric Co. to take all possible actions to substantially reduce the risk of power outages to the City and County of San Francisco.

Laurie Park, Acting General Manager of Hetch Hetchy Water & Power, indicated that staff consulted with the City Attorney's Office and technical consultants in devising the resolution. The City Attorney and consultants strongly believed that the actions asked of PG&E in the resolution are appropriate and they are within PG&E's control.

Commissioner Cook moved to adopt Item 10. Commissioner Bhatt seconded.

Public Comment:

Lester Olmstead-Rose, representing Pacific Gas & Electric Co., urged the Commission to continue the item for two weeks to allow a thorough hearing on the issue. He stated that he did not have any particular problems with the resolution, as some of the items asked for, they were already doing. His only concern was that the resolution pointed to PG&E as the sole solution to electric reliability problems in San Francisco. He also said that the resolution did not reflect PG&E's ongoing participation to help solve electric reliability problems. He said the continuance of the item would allow PG&E to return to the Commission with detailed information on what PG&E had accomplished related to electric reliability issues.

Commissioner Makras concurred with continuing the item to allow staff to work with PG&E concerning the appropriate language for the resolution.

Commissioner Cook and Commissioner Bhatt withdrew their motion.

President Normandy requested Mr. Olmstead-Rose to give a presentation to the Commission addressing the issues he raised today. Mr. Olmstead-Rose suggested that the Commission also invite the ISO to give a presentation. Commissioner Makras urged the Commission to allow just a presentation from PG&E.

Commissioner Caen requested PG&E to make their presentation materials available to the Commission no less than 48 hours before the Commission meeting day.

Moved by Commissioner Makras, seconded by Commissioner Cook, to continue Item 10 to the next regular Commission meeting on June 27, 2000; passed (5-0) unanimously.

11. Discussion and possible action related to endangered species mitigation in San Mateo County.

Steve Medbery, Manager, Bureau of System Planning Environment and Compliance, stated that staff proposed to develop a portion of a SFPUC-owned parcel located at the intersection of Polhemus Road and Bunker Hill Drive for endangered species mitigation to offset the effects of SFPUC capital projects in San Mateo County. He said the property was surplus to the SFPUC and it would not be needed for future PUC facilities.

Commissioner Caen asked about developing the site for residential purposes. Mr. Medbery stated that developing the site for residential purposes would require SFPUC to purchase an alternative site or use existing watershed for mitigation, neither of which were desirable. Commissioner Makras noted that he visited the site and he did not see any opportunity of building residential units at the site.

Public Comments:

Mr. Bob Legallet, a resident of San Mateo County, commented that the PUC did not contact the local homeowners association about the City's plans concerning the property. He stated that the current use of the property for boarding horses does not complement the urban residential neighborhood and it does not concur with environmental mitigation that the SFPUC was trying to accomplish. He suggested that the SFPUC open a dialogue with homeowners to discuss open space. Mr. Medbery stated that staff would engage in a dialogue with property owners as plans become concrete. He noted that the resolution included authorization to staff to terminate the month-to-month permit of the horse boarding operation when necessary.

Ralph Kramden urged the Commission to allow him to retain his occupancy permit. He said he had made improvements on the property over the 15 years they have been there. Mr. Medbery emphasized that the site was identified as the only site suitable for mitigation, and when this proposal is approved, the lease would have to be terminated. Mr. Mullane added that the regulatory agencies prefer that the mitigation site be approximate to the areas affected by a SFPUC project.

President Normandy directed staff to start the negotiations and notify the lessee within sufficient timeframe if the lease needs to be terminated. He suggested that Mr. Kramden communicate with Mr. Medbery on the status of the project.

Moved by Commissioner Makras, seconded by Commissioner Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0146: Authorize the General Manager to utilize a portion of a 28-acre SFPUC-owned parcel of land located at the intersection of Polhemus Road and Bunker Hill Drive in San Mateo County for endangered species mitigation to offset the effects of several SFPUC current capital projects.

12. Discussion and possible action related to the San Joaquin River Group Authority.

Moved by Commissioner Cook, seconded by Commissioner Makras, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0147: Approve the Joint Exercise of Powers Agreement and corresponding Division Agreement for the San Joaquin River Group Authority; recommend to the Board of Supervisors approval to join the San Joaquin River Group Authority; authorize the President of Public Utilities Commission to execute the JPA Agreement; and authorize the General Manager of Public Utilities to execute the Division Agreement.

LEASES AND PERMITS

13. Discussion and possible action related to the jurisdictional transfer of Public Utilities Commission land located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues. (Continued from the meeting of May 23, 2000. Proposed for continuance to the call of the Chair.)

Staff Recommendation: Request the Director of Property to prepare and submit a legislation to the Board of Supervisors to accommodate the jurisdictional transfer of 2,968 sq. ft. of land owned by the Public Utilities Commission, located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues to the Public Transportation Commission, at historical cost.

Moved by Commissioner Makras, seconded by President Normandy, to continue Item 13 to the call of the Chair; passed (5-0) unanimously.

CONSTRUCTION CONTRACTS

Advertise

Items 14, 15 and 16 were taken collectively.

Commissioner Cook moved, seconded by Commissioner Caen to adopt Items 14, 15 and 16; passed (5-0) unanimously.

14. Resolution No. 00-0148: Approve the final plans and specifications and authorize advertisement for bids for Clean Water Program Contract No. CW-234, Third Street Sewer System Improvements Phase III.
15. Resolution No. 00-0149: Approve the final plans and specifications and authorize advertisement for bids for Clean Water Program Contract No. CW-245, Geary Street and Second Street Sewer Replacement.
16. Resolution No. 00-0150: Approve the final plans and specifications and authorize advertisement for bids for Clean Water Program Contract No. CW-255, 26th Avenue/37th Avenue/Arguello Boulevard Sewer Replacement.
17. Discussion and possible action related to San Francisco Water Department Contract No. WD-2329.

Commissioner Caen inquired why the MBE/WBE goals for the project were combined. Marchelle Philips of the Human Rights Commission explained that the goals were calculated separately; but she combined them to give contractors more flexibility in getting the contract completed.

Moved by Commissioner Makras, seconded by Commissioner Cook, to adopt the following resolution; passed (5-0) unanimously.

- Resolution No. 00-0151: Approve the final plans and specifications and authorize advertisement for bids for San Francisco Water Department Contract No. WD-2329, College Hill Reservoir Seismic Retrofit and Improvement Project.
18. Discussion and possible action related to San Francisco Water Department Contract No. WD-2344.

Commissioner Makras asked whether staff explored the option to repair the tank and what was the estimated repair cost. Karen Kubick, UEB Project Manager, responded that seismic consultants had recommended replacement of the tank.

She stated that the tank, which was erected in 1926, had already undergone numerous repairs and is no longer repairable.

Moved by Commissioner Cook, seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0152: Approve the final plans and specifications and authorize advertisement for bids for San Francisco Water Department Contract No. WD-2344, Forest Hill Tank Replacement.

Award

19. Discussion and possible action related to Water Department Contract No. WD-2295.

Staff Recommendation: Award Water Department Contract No. WD-2295, San Francisco Water Department/Santa Clara Valley Water District Intertie Pipeline and Pump Station, in the amount of \$9,146,220 to Homer J. Olsen.

Commissioner Makras was concerned that the Commission was not notified of the protest filed on the contract. He asked what the standard notification procedure was when a protest is filed. Mr. Mullane responded that there was no existing policy, but he would direct staff to incorporate protest information in the agenda item and in staff's oral presentations. President Normandy directed staff to implement it as an operating policy. Commissioner Cook suggested including in staff's report the merit and disposition of the protest. President Normandy concurred and suggested to also include information on whether there is a potential for litigation.

Commissioner Makras inquired on how staff arrived at the decision to deny the protest. Mr. Dela Cruz stated that the protest was based on allegation that one of Homer Olsen's subcontractors did not have a license nor had the necessary experience to do the work. He said staff investigated the matter and found that the subcontractor does possess the required license and that they have the required experience in system integration work. He added that the protest brought up by the subcontractor was not part of the protest filed by the prime contractor, Mitchell Engineering. Furthermore, the City Attorney advised not to address the subcontractor's protest, since it was not a part of the prime contractor's protest.

Commissioner Makras asked if it was normal procedure for staff to undertake their own investigation. Mr. Dela Cruz stated that due to special contract provisions which called for systems integration expertise they had to make sure that the subcontractor met the qualifications. Leroy Gullette, Project Engineer, clarified that the contract required expertise in systems integration work due to the complexity of taking two different operating systems (San Francisco and Santa Clara) together. Commissioner Cook suggested that staff follow the standard process in certifying contractors to avoid misconceptions.

Responding to President Normandy's procedural question, Vicki Clayton, Utilities General Counsel, explained that protests should be handled and resolved at staff level before they are presented to the Commission for action. President Normandy cautioned, for the benefit of the public, that the Commission was not the forum within which protests are heard. In this particular contract, staff had already communicated that the protest was resolved.

Commissioner Makras moved, Commissioner Cook seconded a motion to develop an operating policy, for approval of the Commission, for staff to notify the Commission should there be any protest filed on a contract and report the disposition of the protest and potential for litigation. The motion passed.

Mike Silva, President of Mitchell Engineering, commented that SFPUC staff had done everything correctly except for timely response to the protest. He urged the Commission to postpone action for another two weeks to review the issues closely. He said he was concerned that the prime contractor listed an electrical subcontractor (Van Hook), who has multiple business names and licenses, one of which has a judgment. The subcontractor also had not done any work since 1996.

William Johnson, representing Homer Olsen Inc., stated that Van Hook Electric is a HRC certified subcontractor and they are capable of doing the electrical portion of the contract.

Carole Cresci of Cresci Electric Co. urged the Commission to review the contract more closely. She stated that Van Hook has not worked over the last four years. Since this is a \$10 million electrical project, the Commission should be concerned. President Normandy reiterated that the Commission is not the venue for the disposition of the protest. He stated that the Commission will not look into any public comments but they would review what staff had done in the disposition of the protest.

President Normandy asked if there would be a serious problem if the item were to be continued for another two weeks. Mr. Mullane and Mr. Hintze indicated that there would be no problem.

Moved by Commissioner Normandy, seconded by Commissioner Bhatt, to continue Item 19 to the next regular meeting on June 27, 2000 to allow time for the Commission to review the documents relative to the protest; passed (5-0) unanimously.

20. Discussion and possible action related to Clean Water Program Contract No. CW-165.

Moved by Commissioner Makras, seconded by Commissioner Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0153: Award Clean Water Program Contract No. CW-165, Clipper/ Noe/Fair Oaks/Kingston Streets Sewer Replacement, in the amount of \$496,545 to D'Arcy & Harty Construction, Inc.

Amend

21. Discussion and possible action related to Clean Water Program Contract No. CW-196.

Mr. Jon Loiacono of the Bureau of Water Pollution Control gave a presentation using electronic slides regarding the Westside Grit Flushing Project and the proposed modification to the contract. The scope of work under the contract modification includes construction of two interim dams to control and divert sewage flow away from the construction work area inside the Westside Pump Station. He stated that the modification will improve the grit flushing system and allow for more controlled release of grit from the transport structure into the plant.

President Normandy asked why the additional work requested was not included in the original scope of work. Mr. Loiacono responded that they did not know the need for it until the contract was awarded and after someone actually inspected the transport structure at the Westside Pump Station.

Commissioner Caen moved. President Normandy seconded for purposes of discussion.

Commissioner Makras stated that he would not support the motion to adopt the item, as staff had not sufficiently demonstrated the need to do the extra work.

Commissioner Caen asked whether the modification would work. Mr. Loiacono stated that the model worked but he could not guarantee how effective it would be on the actual structure. He noted that there was no other alternative to divert the flow.

Commissioner Bhatt commented that the cost of the contract went up 80% from the original contract approved by the Commission. Mr. Loiacono explained that the cost of building the diversion added to the cost. Had there been an actual inspection, this would have been added to the original scope of work and the project would have cost just as much. He also pointed out that the work had to be performed in a confined space, at night, when sewer flow is lower.

President Normandy commented that the Commission recognized the necessity to proceed with the project in order to meet Federal NPDES Permit Minimum Control for Combined Sewer Overflows and to award the contract now to allow work to proceed before the next wet season. However, the Commission was skeptical as to whether the diversion would work.

Commissioner Makras stated that if the motion to approve fails, he would move to deny the contract modification and direct staff to proceed with the original work as previously approved by the Commission. Mr. Loiacono indicated that the contractor could not do the work without doing the modification. Commissioner Caen suggested proceeding with staff's recommendation.

President Normandy emphasized that the Commission would be monitoring this project closely due to a great deal of skepticism on the result. He directed staff to update the Commission continuously to see if there is a need to modify the contract. Mr. Loiacono indicated that there would not be any more changes.

Commissioner Cook commented that he would vote in favor of staff's recommendation due to the need to get it done, but he still had reservations as to whether it would work.

Moved by Commissioner Caen, seconded by President Normandy, to adopt the following resolution; passed (4-1). Commissioner Makras voted no.

Resolution No. 00-0154: Approve Contract Modification No. 1 for Contract CW-196, Westside Grit Transport Flushing, with Homer J. Olsen, Inc., increasing the contract amount by \$90,908 for a total contract cost of \$204,908.

PROFESSIONAL SERVICE CONTRACTS

Advertise

22. Discussion and possible action related to Agreement No. CS-557, Hydrogen Sulfide (Odor) Control Alternatives and Improvements in Wastewater Collection System.

Staff Recommendation: Authorize the Utilities Engineering Bureau Manager to advertise and request for proposals for Agreement No. CS-557, Hydrogen Sulfide (Odor) Control Alternatives and Improvements in Wastewater Collection System.

Mr. Loiacono noted that the agenda item was asking for a professional service consultant to help identify and characterize major odor sources, develop a comprehensive plan, recommend short and long term alternatives, develop and implement an odor control maintenance program, and look at alternative ways of dealing with odor problems. The estimated cost of the project was \$300,000. He reported that currently the Bureau of Water Pollution Control uses a chemical injection system, hydrogen peroxide, and sewer inserts in manholes to absorb or control sewer odor.

Commissioner Makras suggested spending the \$300,000 to eliminate odor problems at an expedited rate rather than do a study. Mr. Loiacono stated that the money was not just to identify better solutions but also to experiment different methodologies to see what will work best and to implement an odor control maintenance program. Commissioner Makras suggested asking other sewer agencies to explore the cutting edge for odor control and start implementing it.

Lawrence T. Klein, speaking as a member of the public, commented about the bad odor problems in the Embarcadero area he himself had experienced. He stated that staff was looking for cost-effective ways to control odor permanently rather than short term fixes.

Commissioner Makras moved to reject staff's recommendation. He stated that he was supportive of the objective to make the City odor-free, but he was not convinced that a study was the right way to do it.

President Normandy commented that staff's presentation should have been clearer as to the objectives for hiring a consultant. He stressed the sentiment of the Commission regarding the need to find solutions rather than proceeding with another project that the public may perceive as another study. He indicated that if staff absolutely finds it necessary, they could resubmit the agenda expressing a stronger position on the subject.

Moved by Commissioner Makras, seconded by Commissioner Cook, to deny staff's recommendation; passed (3-2). President Normandy and Commissioner Caen voted no.

Resolution No. 00-0155: Deny staff's recommendation.

CLOSED SESSION

23. Public comments on matters to be discussed in Closed Session.

There were no public comments.

24. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to assert the attorney-client privilege; passed (5-0) unanimously.

The Public Utilities Commission met in Closed Session from 4:05 P.M. to 4:52 P.M. to discuss the items listed below.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation: As Plaintiff and as Defendant
Property: 500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating: Lymburn /Malamut
City of Pleasanton
Under Negotiation: Terms and Conditions

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Deputy City Attorneys Charles Sullivan and John Malamut.

No action was taken.

26. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Deputy City Attorney Charles Sullivan, Bureau of Commercial Land Management Manager Gary Dowd, and Project Manager Karen Kubick.

Property: Balboa Reservoir Property at Phelan and Ocean Avenue
Parties Negotiating: CCSF – Dowd/Kubick
San Francisco City College
Under Negotiation: Terms

No action was taken.

27. Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8:

Property: Sunol Valley Golf Course
Parties Negotiating: CCSF – Dowd/Arnold
Lessee: Sunol Valley Golf and Recreation
Under Negotiation: Price and Terms

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Deputy City Attorney Charles Sullivan, and Bureau of Commercial Land Management Manager Gary Dowd.

No action was taken.

28. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager of Public Utilities

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, and Commission Secretary Jill R. Thompson.

No action was taken.

29. Announcement following Closed Session.

President Normandy announced the actions taken during the Closed Session.

30. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

Thereupon, the meeting was adjourned: 4:54 P.M.

Jill R. Thompson
Secretary

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AGENDA

PUBLIC UTILITIES COMMISSION CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

June 27, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Finance
Management Information Systems
Personnel and Training
System Planning Environment and Compliance
Utilities Engineering Bureau
Water Quality

John P. Mullane Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Romaine Boldridge at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Rachel Arnstine O'Hara, Clerk, City Hall, Room 362, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-6171; Fax No.: (415) 554-6177; E-mail: Rachel_ArnstineO'Hara@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site <http://www.ci.sf.ca.us/ethics/>.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Introduction of Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a. Independent System Operator (ISO) Demand Reduction Program. (Continued from the meeting of June 13, 2000). 7 mins. (Park/Jurosek)
 - b. Peninsula Watershed Fuel Hazard Update. 7 mins. (Davis)
 - c. Sunol Valley Improvement Project. 3 mins. (Hintze)
8. Bay Area Water Users Association (BAWUA) General Manager's Report.
(No report will be given at this meeting.)
9. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

10. Discussion and possible action related to trail improvements in the San Francisco Water Department Peninsula watershed. (Naras)

Staff Recommendation: Authorize the General Manager of Public Utilities to extend San Mateo County's completion date for trail construction for an additional three years.

11. Discussion and possible action related to electric reliability in San Francisco. (Continued from the meeting of June 13, 2000. (Park)

Staff Recommendation: Urge the Board of Supervisors to urge Pacific Gas & Electric Co. to take all possible actions to substantially reduce the risk of power outages to the City.

12. Discussion and possible action related to reallocation of Hetch Hetchy Water & Power's authorized FY 99/00 budget to reflect actual expenditures. (Park)

Staff Recommendation: Authorize the transfer of \$250,000 from "Non-Personal Services" to "Materials and Supplies"; direct Hetch Hetchy Water and Power (HHWP) and PUC Finance and Accounting to repair the defect in HHWP's purchasing system and internal accounting and budgetary controls.

13. Public Hearing - Discussion and possible action related to the transfer of funds from Hetch Hetchy Water & Power to the General Fund. (Park)

Staff Recommendation: Authorize the transfer of \$29.85 million to the General Fund.

14. Discussion and possible action related to a fund transfer for Water Supply and Treatment Division and the City Distribution Division's Materials & Supplies Budget. (Flores)

Staff Recommendation: Authorize a fund transfer of \$500,000 to the City Distribution Division and Water Supply and Treatment Division Materials and Supplies budget to cover the projected shortfall for FY 1999-2000.

LEASES AND PERMITS

15. Discussion and possible action related to a lease with Pacific Bell Wireless. (Dowd)

Staff Recommendation: Authorize a lease with Pacific Bell Wireless, for approximately 300 square feet of space on SFPUC watershed land at the Skyline Boulevard entrance to SFPUC's San Andreas Trail and the Service Road in San Bruno, California, for installation of mobile/wireless antennas and underground conduit, at an annual rental rate of \$27,000.

16. Discussion and possible action related to a permit with Nextel of California, Inc. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a non-exclusive permit with Nextel of California, Inc., dba Nextel Communications, Inc., for approximately 5,550 square feet of PUC land located on a portion of Parcels 154B and 156A of Bay Division Pipeline Nos. 3 and 4 right of way in Sunnyvale, California, for ingress and egress, at an annual rental rate of \$6,000.

17. Discussion and possible action related to a permit with Sprint PCS. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a non-exclusive permit with Sprint PCS, for approximately 5,500 square feet of PUC land located on a portion of Parcel 156A of Bay Division Pipeline Nos. 3 and 4 right of way in Sunnyvale, California, for ingress and egress at an annual rental rate of \$6,000.

18. Discussion and possible action related to a lease with Rosie Mendoza. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a five-year lease with Rosie Mendoza for approximately 5,234 square feet of SFPUC land located on a portion of Bay Division Pipeline Nos. 1 and 2, Parcels 2119 and 2120 in the City of Redwood City, for use as a parking lot, at an annual rental rate of \$3,768.48.

CONSTRUCTION CONTRACTS

Advertise

19. Discussion and possible action related to Clean Water Program Contract No. CW-239.
(Hintze)

Staff Recommendation: Approve the final plans and specifications; and authorize advertisement for bids for Clean Water Program Contract No. CW-239, Ashbury Street/Geary Boulevard/Masonic Avenue/Paul Avenue Sewer Replacement.

20. Discussion and possible action related to Clean Water Program Contract No. CW-244.
(Hintze)

Staff Recommendation: Approve the final plans and specifications; and authorize advertisement for bids for Clean Water Program Contract No. CW-244, Oak/McAllister/Folsom/Mission Streets Sewer Replacement.

21. Discussion and possible action related to Clean Water Program Contract No. CW-250.
(Hintze)

Staff Recommendation: Approve the final plans and specifications; and authorize advertisement for bids for Clean Water Program Contract No. CW-250, Capp/Hartford/Liberty/19th Streets Sewer Replacement.

22. Discussion and possible action related to Clean Water Program Contract No. CW-279.
(Hintze)

Staff Recommendation: Approve the final plans and specifications; and authorize advertisement for bids for Clean Water Program Contract No. CW-279, Lake Street and Arguello Boulevard Sewer Replacement.

23. Discussion and possible action related to Clean Water Program Contract No. CW-283.
(Hintze)

Staff Recommendation: Approve the final plans and specifications; and authorize advertisement for bids for Clean Water Program Contract No. CW-283, Davidson Street Sewer Debris Removal.

Award

24. Discussion and possible action related to Water Department Contract No. WD-2295.
(Continued from the meeting of June 13, 2000). (Dela Cruz)

Staff Recommendation: Award Water Department Contract No. WD-2295, San Francisco Water Department/Santa Clara Valley Water District Intertie Pipeline and Pump Station, in the amount of \$9,146,220 to Homer J. Olsen.

25. Discussion and possible action related to Clean Water Program Contract No. CW-225.
(Hintze)

Staff Recommendation: Award Clean Water Program Contract No. CW-225, Sutter Street/Golden Gate Avenue/21st Avenue Sewer Replacement, in the amount of \$644,493 to the lowest responsive and responsible bidder, J. Flores Construction Company, Inc.

26. Discussion and possible action related to Clean Water Program Contract No. CW-257.
(Hintze)

Staff Recommendation: Award Clean Water Program Contract No. CW-257, Outfall Repairs at Various Locations, in the amount of \$240,000 to the lowest responsive and responsible bidder, Vortex Diving Inc.

Close

27. Discussion and possible action related to Clean Water Program Contract No. CW-110.
(Hintze)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-110, Davis/Kearny/Francisco Street Sewer Replacement; approve Contract Modification No. 1 in the debit amount of \$4,355, for a total contract amount of \$245,902 with a time extension of 87 calendar days; and authorize final payment to Golden Pacific Construction, Inc., in the amount of \$4,450.

PROFESSIONAL SERVICE CONTRACTS

Amend

28. Discussion and possible action related to the professional services agreement with EDAW, Inc. (Davis)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute Amendment No. 8 to the professional service agreement with EDAW, Inc. in the amount of \$55,000; extend the contract completion date by six months from June 30, 2000 to December 31, 2000 to finalize the Comprehensive Watershed Management Plan and Policy for the San Francisco Peninsula and Alameda Creek Watershed lands.

CLOSED SESSION

29. Public comments on matters to be discussed in Closed Session.
30. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

31. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation:	As Plaintiff and as Defendant
Property:	500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating:	Lymburn/Thompson/Malamut City of Pleasanton
Under Negotiation:	Terms and Conditions

32. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation:	As Plaintiff
Property:	Old Muni Railway and Sunset Supply Line, South San Francisco
Parties Negotiating:	CCSF – Dowd/Larramendy/Sullivan
Lessee:	Treasure Island Trailer and Motel, Inc.
Under Negotiation:	Terms

33. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

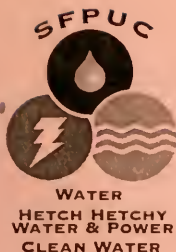
Position:	General Manager of Public Utilities
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FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

34. Announcement following Closed Session.
35. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

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San Francisco Public Utilities Commission

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES REGULAR MEETING

June 27, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Finance
Management Information Systems
Personnel and Training
System Planning Environment and Compliance
Utilities Engineering Bureau
Water Quality

John P. Mullane Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



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ORDER OF BUSINESS:

1. Call to Order: 1:40 P.M.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Ann Moller Caen

Excused - Commissioner Frank L. Cook, Commissioner Ashok Bhatt

3. Approval of Minutes

Moved by Commissioner Caen, seconded by Commissioner Makras, to adopt the Minutes of the Special Meeting of April 7, 2000, the Minutes of the Special Meeting of May 31, 2000; and the Minutes of the Special Meeting Immediately Following the 1:30 P.M. Meeting on May 31, 2000; passed (3-0) unanimously.

4. Communications

Commissioner Makras commented about a letter received from Mr. Art Jensen, General Manager of the Bay Area Water Users Association, advising the Commission that he was unable to give a report at today's meeting. Commissioner Makras requested that staff convey his thoughts to Mr. Jensen about a continuing open communication with any representative from BAWUA. President Normandy directed staff to let BAWUA know of the Commission's desire to have a representative at every meeting at which they are scheduled to make a presentation.

5. Old/Ongoing Business by Commissioners

Commissioner Caen stated that Item 3CC, *Report on Options for Issuance of Bonds*, could be dropped from the Old/Ongoing Business list.

President Normandy commended Paula Kehoe for developing the New Logo Usage Guidebook. He directed staff to proceed with the implementation of the new PUC logo on printed materials, vehicles and safety helmets.

Commissioner Caen inquired about the status of the Hetch Hetchy business plan. Lawrence T. Klein, Acting General Manager, responded that the business plan had been presented to the Commission. It has not been finalized but it is already being implemented.

6. Introduction of New Business by Commissioners

There was no new business introduced.

7. Report of the General Manager

President Normandy noted that John P. Mullane, PUC General Manager underwent heart surgery and would not be back until the first week of August. Lawrence T. Klein was designated acting General Manager.

Mr. Klein reported that staff met with the Board of Supervisors' Finance and Budget Committee last Thursday and resolved all budget issues. Harvey Rose, Board of Supervisors Budget Analyst, endorsed the plan for the creation of an Energy Services Section under Hetch Hetchy and asked for an annual progress report. Carlos Jacobo of the Bureau of Finance will provide a report by the next meeting concerning the budget.

- a. Independent System Operator (ISO) Demand Reduction Program.
(Continued from the meeting of June 13, 2000).

Marla Jurosek, Director of Hetch Hetchy's Retail Services, discussed the elements of the ISO Demand Reduction Program. The Demand Reduction Program was initiated by the ISO to improve system reliability and reduce power failure. The program provides monthly incentive payments to participants who submitted proposals to reduce electric consumption during peak demand hours. The incentive payments would be based on the City's ability to meet bid load reduction of 13 megawatts at a price of \$104,000 megawatt-month. This would provide the potential for the departments to receive over \$5 million.

Ms. Jurosek reported that the ISO called a Stage 2 power emergency yesterday and today and asked to initiate demand reduction due to high temperatures in the valley and other areas. She stated that the SFPUC achieved over 90% of the bid load.

- b. Peninsula Watershed Fuel Hazard Update.

Item 7B was continued to July 11, 2000.

- c. Sunol Valley Improvement Project.

Everett Hintze, Acting Utilities Engineering Bureau Manager, gave an update on the award of the Sunol Valley Water Treatment Plant Improvement Project, Phase 1. The contract was advertised for bids two months ago and bids are due on July 6, 2000. Mr. Hintze reported that despite extensive outreach to contractors, we might not get any bids on this contract due to the busy construction industry. Contractors also complained of rigid contracting requirements of the City. He noted that it would also be difficult to get bids within the engineer's estimate for these reasons.

Mr. Hintze requested the Commission to extend the RFP deadline for three weeks. He said two firms have signified interest in bidding if the deadline is extended.

Commissioner Makras suggested leaving the bid date the same, and extending it if no one bids. Mr. Hintze responded that extending the bid date would be more logical as we may get more contractors to bid on the contract. In addition, we do not have to go through the whole RFP process again and if we get just one bid, we could negotiate the contract with that bidder.

Commissioner Makras stated that he preferred to leave the bid date as scheduled and if there were no bids received, the bid date could be extended for three weeks. He requested staff to report the status to the Commission.

President Normandy directed staff to recommend options on how to proceed in the future when these types of issues come up.

8. Bay Area Water Users Association (BAWUA) General Manager's Report

President Normandy reiterated his direction that BAWUA should designate a representative should the BAWUA's General Manager, Mr. Art Jensen is unable to give a report to the Commission.

9. Public Comments

There were no public comments.

REGULAR BUSINESS

10. Discussion and possible action related to trail improvements in the San Francisco Water Department Peninsula watershed.

Cheryl Davis, Water Supply & Treatment Division Manager, noted that the resolution had to be amended to reflect that the San Mateo County was requesting an extension to complete the trail for an additional three years to year 2003 rather than 2002.

Commissioner Makras expressed his disappointment that the trail construction was not yet completed.

Gary Lochman, representing the County of San Mateo, responded that the delay in completion of the trails was due to unforeseen obstacles such as staff and budget reductions, the retirement of the project manager, and the complexity of issues involving various stakeholders that resulted in plan changes. He stated that the San Mateo County was interested but could not proceed as rapidly as possible.

Commissioner Makras stated that it would behoove the Commission to look for a business plan and know what is the status of the project and where the money is coming from. He said San Francisco is committed to the completion of the trail and San Mateo should make the same commitment particularly as they were asking for more before they are finished.

Commissioner Caen agreed with Commissioner Makras' views and asked why the trail construction was taking three years to complete. Mr. Lochman stated that the largest time delay was caused by the 60-day turn around time from SFPUC and the time to get the contractor to redraw construction drawings. The turnaround time adds about five months to each alteration and they have gone through four or five alterations. He noted that San Mateo County has \$1.2 million set aside for construction and construction would proceed as soon as this is approved.

President Normandy suggested that the Commission continue the item to the call of the Chair and request staff to return with a specific plan of action, specific schedule of completion and dollar figures. He stated that without a concrete plan, the Commission could not extend the completion date any further.

Commissioner Makras moved, Commissioner Caen seconded to continue Item 10 to the call of the Chair and request San Mateo County to return with a specific plan of action, schedule, and dollar figures. The motion passed unanimously.

After discussion of Item 12, President Normandy reopened the discussion on this matter after staff advised him that if the deadline was not extended, San Mateo County could lose \$200,000 to \$300,000 of State funding.

Commissioner Makras moved, Commissioner Caen seconded, to reconsider and rescind the action taken on Item 10 for purposes of discussion and to put a new resolution on the table.

Commissioner Makras moved to extend the date to June 27, 2003 and incorporate in the resolution that the San Mateo County will provide the Commission, within 30 days, a business plan for completion of trails and funding mechanism to show that it will be completed within three years. He noted that he wanted the project to proceed and not jeopardize the State funding.

President Normandy suggested incorporating in the resolution that no ridge trail request or action should be considered until this particular trail is addressed in full. Commissioner Makras expressed his view that the Commission could instruct staff not to bring any additional request from San Mateo until they completed their obligation. President Normandy concurred with Commissioner Makras' point but he thought that a statement in the resolution would strengthen SFPUC's reluctance to consider any further trails until the conclusion of the Sawyer Trail. Commissioner Caen expressed support in including it in the resolution.

Commissioner Makras moved to approve the resolution as presented provided that San Mateo County will submit a business plan within 30 days, with a time schedule, and economics of the project. He asked Mr. Lochman's concurrence concerning the stipulation that this project must be completed before consideration of another ridge trail. President Normandy seconded to keep the motion on the table.

Mr. Lochman stated that he could not speak on behalf of the San Mateo Board of Supervisors to the stipulation tying the approval of the Ridge Trail with Crystal Springs Trail.

Commissioner Caen suggested amending the motion to reflect the Commission's position to complete this project before addressing new ones.

Commissioner Makras stated that he would like the resolution to reflect that the SFPUC was trying to accommodate San Mateo County's request and be good managers of the watershed. He recommended leaving the item open and come back to it later in the meeting to allow the Commission more time to reflect.

President Normandy stated that if the Ridge Trail was the concern, the resolution should reflect the Commission's strong opposition to further discussion of the Ridge Trail until the completion of the Crystal Springs Trail.

Commissioner Makras stated that he wanted the true picture reflected on the resolution. He suggested that an additional "whereas" clause be included to reflect that the San Mateo County failed to complete the trails in the timeframe they committed to the SFPUC.

President Normandy announced that the item would be discussed after Closed Session.

11. Discussion and possible action related to electric reliability in San Francisco.
(Continued from the meeting of June 13, 2000).

Staff Recommendation: Urge the Board of Supervisors to urge Pacific Gas & Electric Co. to take all possible actions to substantially reduce the risk of power outages to the City.

Kevin Dazzo, Manager of PG&E Electric Transmission and Distribution Engineering, gave a presentation using an overhead projector and talked about what PG&E had done to address electric reliability needs in San Francisco. He said PGE had completed critical projects to upgrade the transmission and distribution system. From 1992 to 2000, PG&E spent \$40 million for electric transmission and distribution system to ensure service reliability in San Francisco. They have increased the capacity of their transmission system by about 20% as a result of upgraded 150KV line that feeds to San Mateo, added voltage support

equipment at San Mateo and Martin substations to improve voltage stability, and rebuilt Boiler #4 at Hunters Point. PG&E and the California Independent System Operator are working to complete the long-term study focusing on improving the transmission systems over the next 10 years. The alternatives being considered include expansion along the Peninsula corridor and along Highway 101, upgrade of the transmission system that follows along 280, and develop a transmission link across the bay. He noted that the overall solution to electric system reliability requires not only transmission but also sufficient generation to match the load.

Mr. Dazzo noted that the electric industry is more complicated today than it was three years ago and the complexity is increasing. Electric system reliability requires the coordination and cooperation of a number of stakeholders to address the overall system performance.

Lester Olmstead-Rose of PG&E commented that it would be helpful to acknowledge in the resolution the ISO's current long-term study to improve transmission reliability in San Francisco. He commented that if we want reliability we would need to address power generation and demand reduction in combination with transmission. He urged that the resolution incorporate reasonable alternatives to meet future needs; direct City agencies to cooperate with ISO, CPUC and PG&E in implementing the study group's priority options; consider the need to work hard to implement priorities; and include the City's intention to support the recovery of reasonable costs for planning, development, siting, and construction of study group's priority options. He stated that it would be possible to achieve 99.99% reliability but the question of how are we going to pay for it and deal with regulatory bodies remains.

Commissioner Makras thanked the PG&E representatives for the presentation and informational materials submitted for today's meeting. He asked what PG&E had done in the past 50 years to increase transmission in San Francisco. Mr. Olmstead-Rose, stated that there are many factors influencing the reliability situation such as the geography of San Francisco, how much ratepayers are willing to pay to increase transmission; and complex regulation requirements. He said PG&E is involved in trying to find the best solution quickly and what was done in the past should not be the object of focus here.

Commissioner Makras requested that PG&E provide an unequivocal documentation when PG&E proposed to bring power into the City and was rejected. Mr. Lester pointed out that the existing transmission system is capable of serving load in San Francisco and meets the requirements of local generation outages as planned. He said over the last 50 years, PG&E attempted to match generation and transmission and the capacity to match the load. The system had maxed out and now major improvements are needed. The long-term study is looking at generation alternatives in combination with transmission that will meet the needs of the City for the long term.

Commissioner Makras requested PG&E to provide the Commission with their recommendations for a new generation and transmission line.

President Normandy suggested continuing the item to the call of the Chair to allow the Commission to fully digest the elements of PG&E's presentation, formulate questions, and discuss the subject further at the next Commission meeting. He pointed out that while the Commission realized the need to look into the future, they also needed to know what was done in the past to avoid reinventing the wheel.

Moved by Commissioner Caen, seconded by Commissioner Makras, to continue Item 11 to the call of the Chair; passed (3-0) unanimously.

12. Discussion and possible action related to reallocation of Hetch Hetchy Water & Power's authorized FY 99/00 budget to reflect actual expenditures.

Moved by Commissioner Makras, seconded by Commissioner Caen, to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 00-0157: Authorize the transfer of \$250,000 from "Non-Personal Services" to "Materials and Supplies"; direct Hetch Hetchy Water and Power (HHWP) and PUC Finance and Accounting to repair the defect in HHWP's purchasing system and internal accounting and budgetary controls.

13. Public Hearing - Discussion and possible action related to the transfer of funds from Hetch Hetchy Water & Power to the General Fund.

Public Comments:

Ena Aguirre commented in opposition to the transfer of funds to the general fund stating that the extra money should be spent within the Public Utilities Commission to help solve sewage problems. She asked the reasons for the general fund transfer. President Normandy directed staff to communicate with Ms. Aguirre and respond to her comments.

Emeric Kalman urged the Commission to retain the surplus money in the PUC for system improvements.

Joan Girardot, representing the Coalition for San Francisco Neighborhood, commented in opposition to the transfer and suggested retaining the money for much needed repair and replacement of the system.

Commissioner Makras stated that the surplus existed after meeting the requirements of the San Francisco Charter Section 16.103. He pointed out that

the ratepayers benefit from this transfer as this money is used for City-funded projects that directly benefit the citizens of San Francisco.

Moved by Commissioner Makras, seconded by Commissioner Caen, to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 00-0158: Authorize the transfer of \$29.85 million to the General Fund.

14. Discussion and possible action related to a fund transfer for Water Supply and Treatment Division and the City Distribution Division's Materials & Supplies Budget.

Moved by Commissioner Makras, seconded by Commissioner Caen, to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 00-0159: Authorize a fund transfer of \$500,000 to the City Distribution Division and Water Supply and Treatment Division Materials and Supplies budget to cover the projected shortfall for FY 1999-2000.

LEASES AND PERMITS

On recommendation by President Normandy, Items 15, 16, 17, and 18 were taken together.

Moved by Commissioner Makras, seconded by Commissioner Caen, to adopt Items 15, 16, 17, and 18; passed (3-0) unanimously.

15. Resolution No. 00-0160: Authorize a lease with Pacific Bell Wireless, for approximately 300 square feet of space on SFPUC watershed land at the Skyline Boulevard entrance to SFPUC's San Andreas Trail and the Service Road in San Bruno, California, for installation of mobile/wireless antennas and underground conduit, at an annual rental rate of \$27,000.
16. Resolution No. 00-0161: Authorize the General Manager of Public Utilities to execute a non-exclusive permit with Nextel of California, Inc., dba Nextel Communications, Inc., for approximately 5,550 square feet of PUC land located on a portion of Parcels 154B and 156A of Bay Division Pipeline Nos. 3 and 4 right of way in Sunnyvale, California, for ingress and egress, at an annual rental rate of \$6,000.

17. Resolution No. 00-0162: Authorize the General Manager of Public Utilities to execute a non-exclusive permit with Sprint PCS, for approximately 5,500 square feet of PUC land located on a portion of Parcel 156A of Bay Division Pipeline Nos. 3 and 4 right of way in Sunnyvale, California, for ingress and egress at an annual rental rate of \$6,000.
18. Resolution No. 00-0163: Authorize the General Manager of Public Utilities to execute a five-year lease with Rosie Mendoza for approximately 5,234 square feet of SFPUC land located on a portion of Bay Division Pipeline Nos. 1 and 2, Parcels 2119 and 2120 in the City of Redwood City, for use as a parking lot, at an annual rental rate of \$3,768.48.

Advertise

Moved by Commissioner Caen, seconded by Commissioner Makras, to adopt Items 19, 20, 21, and 23; passed (3-0) unanimously.

19. Resolution No. 00-0164: Approve the final plans and specifications; and authorize advertisement for bids for Clean Water Program Contract No. CW-239, Ashbury Street/Geary Boulevard/Masonic Avenue/Paul Avenue Sewer Replacement.
20. Resolution No. 00-0165: Approve the final plans and specifications; and authorize advertisement for bids for Clean Water Program Contract No. CW-244, Oak/McAllister/Folsom/Mission Streets Sewer Replacement.
21. Resolution No. 00-0166: Approve the final plans and specifications; and authorize advertisement for bids for Clean Water Program Contract No. CW-250, Capp/Hartford/Liberty/19th Streets Sewer Replacement.
23. Resolution No. 00-0167: Approve the final plans and specifications; and authorize advertisement for bids for Clean Water Program Contract No. CW-283, Davidson Street Sewer Debris Removal.

22. Discussion and possible action related to Clean Water Program Contract No. CW-279.

Mr. Hintze requested that the resolution be amended to change the first whereas clause to replace the word "structurally" with "hydraulically" inadequate sewers.

Moved by Commissioner Caen, seconded by Commissioner Makras, to adopt the following resolution as amended; passed (3-0) unanimously.

Resolution No. 00-0168: Approve the final plans and specifications; and authorize advertisement for bids for Clean Water Program Contract No. CW-279, Lake Street and Arguello Boulevard Sewer Replacement.

Award

24. Discussion and possible action related to Water Department Contract No. WD-2295. (Continued from the meeting of June 13, 2000).

Public Comments: Mike Silva of Mitchell Engineering opposed the award of the contract to Homer Olsen but he would not stand in the way should the Commission decide to award it to Homer Olsen.

Commissioner Caen moved, President Normandy seconded for purposes of discussion.

Commissioner Makras commented that he believed that this was not a smart deal for San Francisco. He said the Santa Clara Valley Water District was getting the lion's share of the benefit for the 50-50 cut in money. He said that if there were four or five Commissioners present he would vote against it. Mr. Klein noted that the project would provide long-term advantages to both parties, as they will share water in drought situation.

Commissioner Caen stated that she would like to proceed with the motion to adopt. Commissioner Makras stated that if the project were time sensitive he would vote to approve it.

Commissioner Caen moved, President Normandy seconded, to rescind their motion.

Commissioner Caen moved, Commissioner Makras seconded, to continue the item to the next regularly scheduled meeting. Mr. Phil dela Cruz, Project Manager, explained that there are financial consequences if the project is delayed. If the October 1, 2000 Notice To Proceed deadline is not met, the \$5,000 a day of liquidated damages and specifications will no longer be valid and that would cause staff to renegotiate with the contractor.

Commissioner Makras stated that he would vote for the item so as not to derail the majority vote.

Commissioner Caen moved, Commissioner Makras seconded to rescind the motion to reconsider.

Moved by Commissioner Caen, seconded by President Normandy, to adopt the resolution as presented; passed (3-0) unanimously.

Resolution No. 00-0169: Award Water Department Contract No. WD-2295, San Francisco Water Department/Santa Clara Valley Water District Intertie Pipeline and Pump Station, in the amount of \$9,146,220 to Homer J. Olsen.

25. Discussion and possible action related to Clean Water Program Contract No. CW-225.

Moved by Commissioner Makras, seconded by Commissioner Caen, to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 00-0170: Award Clean Water Program Contract No. CW-225, Sutter Street/Golden Gate Avenue/21st Avenue Sewer Replacement, in the amount of \$644,493 to the lowest responsive and responsible bidder, J. Flores Construction Company, Inc.

26. Discussion and possible action related to Clean Water Program Contract No. CW-257.

Moved by Commissioner Normandy, seconded by Commissioner Makras, to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 00-0171: Award Clean Water Program Contract No. CW-257, Outfall Repairs at Various Locations, in the amount of \$240,000 to the lowest responsive and responsible bidder, Vortex Diving Inc.

Close

27. Discussion and possible action related to Clean Water Program Contract No. CW-110.

Moved by President Normandy, seconded by Commissioner Caen, to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 00-0172: Accept work performed for Clean Water Program Contract No. CW-110, Davis/Kearny/Francisco Street Sewer Replacement; approve Contract Modification No. 1 in the debit amount of \$4,355, for a total contract amount of \$245,902 with a time extension of 87 calendar days; and authorize final payment to Golden Pacific Construction, Inc., in the amount of \$4,450.

28. Discussion and possible action related to the professional services agreement with EDAW, Inc.

Cheryl Davis, Manager, Water Supply & Treatment Division, requested a modification to the resolution to reflect that the Human Rights Commission (HRC) worked out a combined MBE/WBE goal for this contract.

Carolyn Hom, HRC Contract Compliance Officer, suggested amending the agenda item, the resolution, and the contract to include the fact that HRC had reviewed the contract and established a combined 30% MBE/WBE goal. Vicki Clayton, Utilities General Counsel, advised that subcontracting goals is not required in the resolution.

Moved by Commissioner Makras, seconded by President Normandy, to adopt the following resolution as amended; passed (3-0) unanimously.

Resolution No. 00-0173: Authorize the General Manager of Public Utilities to execute Amendment No. 8 to the professional service agreement with EDAW, Inc. in the amount of \$55,000; extend the contract completion date by six months from June 30, 2000 to December 31, 2000 to finalize the Comprehensive Watershed Management Plan and Policy for the San Francisco Peninsula and Alameda Creek Watershed lands.

CLOSED SESSION

29. Public comments on matters to be discussed in Closed Session.

There were no public comments.

30. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by President Normandy, seconded by Commissioner Caen, to assert the attorney-client privilege; passed (3-0) unanimously.

The Public Utilities Commission met in Closed Session at 3:45 P.M. to discuss the following matters:

31. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation:	As Plaintiff and as Defendant
Property:	500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating:	Lymburn/Thompson/Malamut City of Pleasanton
Under Negotiation:	Terms and Conditions

Present were President Normandy, Vice President Makras, Commissioner Caen, Acting PUC General Manager Lawrence T. Klein, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, and Deputy City Attorneys Charles Sullivan and John Malamut.

No action was taken.

32. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation:	As Plaintiff
Property:	Old Muni Railway and Sunset Supply Line, South San Francisco
Parties Negotiating:	CCSF – Dowd/Larramendy/Sullivan
Lessee:	Treasure Island Trailer and Motel, Inc.
Under Negotiation:	Terms

Present were President Normandy, Vice President Makras, Commissioner Caen, Acting PUC General Manager Lawrence T. Klein, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Deputy City Attorney Charles Sullivan, Bureau of Commercial Land Management Manager Gary Dowd, Water Supply & Treatment (WS&T) Division Manager Cheryl Davis, and WS&T Operations and Maintenance Supervisor Don Larramendy.

No action was taken.

33. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager of Public Utilities

Item 33 was not discussed.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION RECONVENED IN PUBLIC SESSION AT 3:57 P.M.

34. Announcement following Closed Session.

President Normandy announced the actions taken during Closed Session.

35. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Caen, seconded by Commissioner Makras, not to disclose the discussions during Closed Session; passed (3-0) unanimously.

REGULAR AGENDA

At 3:57 P.M., the Commission resumed to the discussion of Item No. 10.

10. Discussion and possible action related to trail improvements in the San Francisco Water Department Peninsula watershed.

Commissioner Makras moved to adopt the resolution as presented with the addition of a second "Resolve" clause to read: "Resolved, That the County of San Mateo provide the San Francisco Public Utilities Commission with a business plan, work schedules and financial plan for the trail improvements within 30 days of passage of this resolution." Commissioner Caen seconded. The motion passed (3-0) unanimously.

Resolution No. 00-0156: Authorize the General Manager of Public Utilities to extend the time period for San Mateo County to complete the trail improvements for an additional three years with the new completion date of June 27, 2003; and that the County of San Mateo provide the SFPUC with a complete plan for finishing the trail improvements including work schedules and financial plan, within 30 days of passage of this resolution.

Thereupon, the meeting was adjourned: 3:58 P.M.

Jill R. Thompson
Secretary

AGENDA

PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

July 11, 2000
1:30 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

1st 7/11/00
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E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Finance
Management Information Systems
Personnel and Training
System Planning Environment and Compliance
Utilities Engineering Bureau
Water Quality

John P. Mullane Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

For information contact the Commission Secretary at 554-3165.

Agendas and other information are available on the Public Utilities Commission website: www.ci.sf.ca.us/puc

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The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Romaine Boldridge at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Rachel Arnstine O'Hara, Clerk, City Hall, Room 362, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-6171; Fax No.: (415) 554-6177; E-mail: Rachel_ArnstineO'Hara@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

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Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site <http://www.ci.sf.ca.us/ethics/>.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Introduction of Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a. Update on San Francisco Electric Reliability Situation. (Park) 7 mins.
 - b. Personnel Update (Bowman) 7 mins.
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103. Telephone: (415) 554-3165.
Fax: (415) 554-0796.

REGULAR BUSINESS

- (9) Report on Lake Merced. (Carlin) 7 mins.

Staff Recommendation: For information only.

- (10) Discussion related to Alternative Work Schedules used by SFPUC for staff operations that provide 24- hour service on a daily basis. (Klein)

Staff Recommendation: For discussion only.

LEASES AND PERMITS

- (11) Discussion and possible action related to a Pole Use Agreement with Metricom, Inc. (Jurosek)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Pole Use Agreement with Metricom, Inc. to attach their Micro Cellular Data Network (MCDN) Richochet2 radios on up to 1,500 City-owned light poles at an annual fee of \$69 per pole.

- (12) Discussion and possible action related to the jurisdictional transfer of Public Utilities Commission land located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues. (Continued from the meeting of June 13, 2000.) (Dowd)

Staff Recommendation: Request the Director of Property to prepare and submit a legislation to the Board of Supervisors to accommodate the jurisdictional transfer of 2,968 sq. ft. of land owned by the Public Utilities Commission, located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues to the Public Transportation Commission. at historical cost.

- (13) Discussion and possible action related to Revocable permit with PG&E to allow placement of a 30 inch high pressure gas line within a currently unutilized SPFUC easement located in Hayward, California. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco a revocable permit with PG&E to allow placement of a 30 inch high pressure gas line within a currently unutilized 52.4 foot wide SFPUC easement located in Hayward, Calif; and authorizing the General Manager to request the Director of Property to prepare and submit legislation to the Board of Supervisors to Quitclaim 20 feet of the southwest portion of the existing 52.4 foot easement and accept in exchange an Easement Deed for a new 20 foot easement located directly adjacent to the northeast portion of the alignment.

CONSTRUCTION CONTRACTS

Advertise

- (14) Discussion and possible action related to Hetch Hetchy Water & Power Contract No. HH-894. (Quan)

Staff Recommendation: Approve the final plans and specifications; and authorize bid call for Hetch Hetchy Water and Power Contract No. HH-894, Moccasin Communication and Control Center.

- (15) Discussion and possible action related to San Francisco Water Department Contract No. WD-2230. (Quan)

Staff Recommendation: Approve the final plans and specifications; and authorize bid call for San Francisco Water Department Contract No. WD-2230, Calaveras Potassium Permanganate Facility.

- (16) Discussion and possible action related to San Francisco Water Department Contract No. WD-2348. (Quan)

Staff Recommendation: Approve the final plans and specifications; and authorize bid call for San Francisco Water Department Contract No. WD-2348. Seismic Anchorage of Equipment at Harry Tracy Water Treatment Plant.

Award

- (17) Discussion and possible action related to Hetch Hetchy Water & Power Contract No. HH-882. (Quan)

Staff Recommendation: Approve the award of Hetch Hetchy Water and Power Contract No. HH-882, San Joaquin Pipeline No. 2 Throttling Stations, in the amount of \$1,216,080, to be lowest responsive and responsible bidder, Ford Construction, Inc.

Close

- (18) Discussion and possible action related to Clean Water Program Contract No. CW-117. (Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-117, Deming Street/Farnsworth Lane/O'Farrell Street/Iron Alley/Clayton Street Sewer Replacement; approve Contract Modification in the credit amount of \$31,100 for a total contract amount of \$275,465; and authorize final payment to Shaw Pipeline, Inc., in the amount of \$13,773.

- (19) Discussion and possible action related to Clean Water Program Contract No. CW-175. (Quan)

Staff Recommendation: Accept work for Clean Water Program Contract No. CW-175, Broad Street Sewer Replacement, on Broad Street from Plymouth Avenue to Capitol Avenue; approve Contract Modification No. 1 (Final) in the credit amount of \$400 for a new contract total of \$88,064, and with a time extension of 7 calendar days for a new total contract duration of 21 calendar days; and authorize final payment to Institutorm Technologies, Inc. in the amount of \$28,976.

- (20) Discussion and possible action related to Clean Water Program Contract No. HH-836. (Quan)

Staff Recommendation: Accept the work performed for Hetch Hetchy Water and Power Contract No. HH-836. Priest Reservoir Outlet Tunnel and Spillway Modifications. approve Contract Modification No. 1 (Final) for the credit amount of \$19,204.03, which reduces the final contract amount to \$1,223,295.97, and authorize final payment to Proven Management, Inc. in the amount of \$132,312.37.

- (21) Discussion and possible action related to Clean Water Program Contract No. HH-872. (Quan)

Staff Recommendation: Accept the work performed for Hetch Hetchy Water & Power Contract No. HH-872, Moccasin Reservoir Gate Improvements. Approve Contract Modification No. 1 (Final) to increase the contract by \$13,474.74, resulting in an increase of the final contract amount to \$502,374.74; and authorize final payment to Proven Management, Inc. in the amount of \$29,504. 74.

CLOSED SESSION

- (22) Public comments on matters to be discussed in Closed Session.
- (23) Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

- (24) Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation:	As Plaintiff and as Defendant
Property:	500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating:	Lymburn/Thompson/Malamut City of Pleasanton
Under Negotiation:	Terms and Conditions

- (25) Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c): (Milstein)

Anticipated Litigation:	Regarding litigation against PG&E for polychlorinated biphenyl (PCB) spills in the Peninsula watershed.
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- (26) Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation:	As Plaintiff
Property:	Old Muni Railway and Sunset Supply Line, South San Francisco
Parties Negotiating:	CCSF – Dowd/Larramendy/Sullivan
Lessee:	Treasure Island Trailer and Motel, Inc.
Under Negotiation:	Terms

- (27) Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b) and (c) and Conference with Real Property negotiator – Pursuant to Government Code Section 54596.8 and Administrative Code Section 67.8:

Property:	Baker Street Outfall Structure
Parties Negotiating	CCSF – Dowd/Kehoe
Under Negotiation:	Terms

- (28) Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position:	General Manager, Public Utilities
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FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

- (29) Announcement following Closed Session.

- (30) Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

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Public Utilities Commission
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San Francisco Public Utilities Commission

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

REGULAR MEETING

July 11, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



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ORDER OF BUSINESS:

1. Call to order: 1:42 P.M.
2. Roll Call: Present - President E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Ann Moller Caen.

Commissioner Bhatt arrived at 1:45 P.M.

Excused - Vice President Victor G. Makras

3. Approval of Minutes

Moved by Commissioner Cook, seconded by Commissioner Caen, to adopt the Minutes of the Regular Meeting of April 25, 2000; (3-0) unanimously.

4. Communications

No action was taken.

5. Old/Ongoing Business by Commissioners

Commissioner Caen inquired about the Lead-Free Environment Festival held over the weekend. Lawrence T. Klein, Acting PUC General Manager, reported that the event was very successful as there was a large turnout from childcare agencies. Staff distributed 39 lead-free faucets.

6. Introduction of New Business by Commissioners

Commissioner Caen thanked staff for the excellent memo concerning an owner-controlled insurance program for SFPUC. Mr. Klein reported that Mr. Keith Grand, the City's Risk Manager, suggested hiring a consultant to study the feasibility of an owner-controlled insurance program for SFPUC. Mr. Grand provided staff with a list of recommended consultants. Mr. Klein noted that the Airport Commission conducted a feasibility study before they implemented such program.

Responding to President Normandy's question on why the City's Risk Manager cannot conduct the study, Mr. Klein stated that the City's Risk Manager does not normally do this type of work and they only have limited resources.

Commissioner Caen asked when the financing alternatives would be brought up for discussion. Mr. Klein stated that it would be scheduled for the next meeting.

Commissioner Caen inquired about a letter from Steve Hoppe, a San Francisco resident, requesting waiver of the water meter installation fee for a neighborhood beautification project on City-owned property at Noe and 20th Streets. Mr. Klein responded that staff was investigating the cost to SFPUC and whether we should approve the request. He noted that there was some indication of an abandoned water meter at that site and if that were true, there would be no cost involved.

Commissioner Caen asked staff to report to the Commission on the status of this request before the next meeting.

7. Report of the General Manager

Commissioner Bhatt arrived during the discussion of Item 7a.

a. Update on San Francisco Electric Reliability Situation.

Laurie Park, Acting General Manager, Hetch Hetchy Water & Power, reported that from mid-May through the end of June 2000, there were three separate bouts of heat waves lasting about three days each. In response to these emergencies, Governor Davis issued a press release on June 14, 2000 calling all public agencies, local residents, and businesses to voluntarily cut electric power usage. The Governor also issued letters to the State of California Public Utilities Commission and the Electricity Oversight Board directing the two agencies to investigate the electric power situation and recommend means to fix the problem. The Electricity Oversight Board requested a quick turnaround of the City's response to assist them in responding to the Governor, which was due on Friday.

Mr. Park also reported that the ISO's Board of Governors held an emergency meeting to consider Senator Peace's letter requesting reduction of price caps for purchases of power during emergencies from \$750 per megawatt hour to \$250 per megawatt hour. The Board did not agree to the \$250 level but agreed to reduce the price caps on emergency power purchases to \$500 on prospective basis.

Ms. Park reported that they asked the ISO and PG&E to include SFPUC in any discussions concerning siting of emergency generators. PG&E will also communicate with the Mayor's Office on this matter.

Ms. Park noted that PG&E had recognized SFPUC's emergency response efforts as the best organized compared with any other cities in California. Staff from Hetch Hetchy Water and Power, PUC, and Office of Emergency Services had been working collaboratively to coordinate the City's response to these emergencies. She introduced Cal Broomhead of Hetch Hetchy Water and Power who coordinates the City's emergency response activities.

b. Personnel Update

Dorothy Bowman, Manager of the Bureau of Personnel & Training, reported that as of June 30, 2000, the vacancy rate at PUC was 8%. The vacancy rate went down from 15% last year. The department filled 310 permanent positions and 131 temporary vacancies. Currently, there are 152 permanent vacancies. For the next budget year 2000-2001, staff expected an 11% vacancy rate due to new positions and substitutions.

Ms. Bowman reported that the Bureau was successful in publishing a supervisory handbook and completing EEO trainings for SFPUC employees. She said the bureau was also working on the reorganization of the Hetch Hetchy Water and Power and the Bureau of Management Information Systems, administering supervisory training, automating a position control system and other reporting systems to shorten time to fill vacancies.

The Commissioners were unanimous in their appreciation to Ms. Bowman's exemplary efforts in filling vacancies.

President Normandy invited comments from Mr. Arthur Jensen, General Manager of the Bay Area Water Users Association. Mr. Jensen commented that the Commission would be receiving letters from BAWUA agencies to present their objectives and expectations of the SFPUC concerning regional water supply. Mr. Jensen requested a report on the progress in hiring key positions in the SFPUC and how long these positions have been vacant.

8. Public comments on matters that were not on today's agenda.

Rev. Dr. P. T. Mammen, Pastor of Nazarene Church at 300 Ulloa Road, requested the Commission's assistance in reconnecting water service to the church as soon as possible. President Normandy directed staff to coordinate with other City agencies to correct the problem and report the status to the Commission before the end of this week.

David A. Kerr from the New Life Church of the Nazarene also urged the Commission to reconnect the church's water service due to health and safety reasons.

REGULAR BUSINESS

9. Report on Lake Merced.

Michael Carlin, Water Resource and Planning Manager, reported that Assemblyman Kevin Shelley sponsored an appropriation in the State budget for \$500,000 for the repair and replacement of the fishing pier at Lake Merced. San Francisco Supervisor Mabel Teng sponsored an appropriation of \$150,000 from the general fund to look into the water levels at the lake. Staff would work with the Lake Merced Task Force on how the money would be spent.

Mr. Carlin stated that staff would continue to work with the City of Daly City and golf course owners concerning groundwater and recycled water issues. He had met with representatives from the Arnold Palmer Group, the new manager of Harding Park, regarding the possible use of recycled water for their golf course.

Commissioner Caen inquired about the five-year schedule for Phase I Pilot Study. Mr. Carlin stated that there are a number of activities they were investigating and that the schedule will compress as they start to put everything into one comprehensive package.

President Normandy directed staff to communicate the Commission's appreciation to Assemblyman Kevin Shelley and Supervisor Mabel Teng for their help in obtaining additional funds for the project.

10. Discussion related to Alternative Work Schedules used by SFPUC for staff operations that provide 24-hour service on a daily basis.

Item 10 was calendared for discussion only and no action was taken.

Commissioner Cook expressed his opinion that a standard alternative work schedule works well for employees. It is cost efficient and would be more logical for SFPUC.

Kevin Barry, a Business Representative of Local 39, commented in support of the 12-hour work shift. He stated that different operations have different operational needs and consistency in work schedule does not apply to every department.

Commissioner Cook reiterated the need for a standard work schedule in the SFPUC as having different types of shifts is cumbersome to schedule particularly the 12-hour shift. He noted that the 8, 9 and 10-hour shift is easier to manage and less demanding on employees.

President Normandy pointed out that the matter was before the Commission as part of information gathering to possibly standardize work schedules in the SFPUC to better manage overtime costs while still representative of employees' needs.

LEASES AND PERMITS

11. Discussion and possible action related to Pole Use Agreement with Metricom, Inc.

Moved by Commissioner Caen, seconded by Commissioner Cook, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0174: Authorize the General Manager of Public Utilities to execute a Pole Use Agreement with Metricom, Inc. to attach their Micro Cellular Data Network (MCDN) Richochet2 radios on up to 1,500 City-owned light poles at an annual fee of \$69 per pole.

12. Discussion and possible action related to the jurisdictional transfer of Public Utilities Commission land located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues.

Staff Recommendation:	Request the Director of Property to prepare and submit a legislation to the Board of Supervisors to accommodate the jurisdictional transfer of 2,968 sq. ft. of land owned by the Public Utilities Commission, located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues to the Public Transportation Commission, at historical cost.
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Commissioner Cook suggested exploring the possibility of an exchange of the PUC property for a Municipal Railway property of equal value.

Sue Olive, Project Manager of the Municipal Railway's Third Street Light Rail Project, commented that they need a very tiny sliver of land to build the substation. With regard to the timing issue, she said they would start construction next year. There being no immediate need for the transfer, Commissioner Cook requested staff to pursue an exchange of properties.

With regard to monitoring of mitigation measures, Gary Dowd, Manager of the Bureau of Commercial Land Management, stated that the SFPUC would monitor mitigation measures for which we are responsible as part of the EIR process.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to continue Item 12 to the call of the Chair; passed (4-0) unanimously.

13. Discussion and possible action related to a currently unutilized SFPUC easement located in Hayward, California.

Mr. Dowd suggested an addition to the first "further resolve" clause to read: "That this Commission authorized the quitclaim of 20 feet of the southwest side of the existing 52.4 foot easement in exchange for 20 feet of the Oliver Estate Property located on the northeast side of the existing easement...attached hereto *provided that the San Francisco Real Estate Department performs a formal appraisal of said exchange to determine any enhancement value resulting from the exchange and provided that the Oliver Estate pays to SFPUC the full enhanced value should any exist.*"

Mr. Dowd stated that the San Francisco Real Estate Department would determine if there were enhancement value attributed to the SFPUC property because of exchange of properties between SFPUC and The Oliver Trust.

Moved by Commissioner Caen, seconded by Commissioner Cook, to adopt the following resolution as amended; passed (4-0) unanimously

Resolution No. 00-0175: Authorize the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco a revocable permit with PG&E to allow placement of a 30 inch high pressure gas line within a currently unutilized 52.4 foot wide SFPUC easement located in Hayward, Calif.; and authorizing the General Manager to request the Director of Property to prepare and submit legislation to the Board of Supervisors to Quitclaim 20 feet of the southwest portion of the existing 52.4 foot easement and accept in exchange an Easement Deed for a new 20 foot easement located directly adjacent to the northeast portion of the alignment.

CONSTRUCTION CONTRACTS

Advertise

14. Discussion and possible action related to Hetch Hetchy Water & Power Contract No. HH-894.

Michael Quan, Utilities Engineering Bureau Manager, stated that the item was for construction of a facility that will house Hetch Hetchy's various operating activities and emergency operations. The engineer's estimate was \$2.4 million and due to the remoteness of the construction site, it was anticipated that contractors would factor the location in their bids.

Commissioner Caen asked if there were other existing facilities that could be renovated. Laurie Park, Acting General Manager of Hetch Hetchy Water & Power, stated that staff surveyed the buildings in Moccasin and found no other existing facilities that could be modified to meet their needs. She stated that the Old Moccasin Powerhouse would require \$20 million to undergo seismic retrofit.

Commissioner Caen observed that the total cost of the project (\$3.632 million) was not indicated in the agenda item. Mr. Quan responded that the \$2.4 million mentioned in the report only covers construction cost. The costs for planning and design work (which have been partly expended) and construction management services were not included in the agenda item. Commissioner Caen requested staff to specify the total cost of a project on the agenda item.

President Normandy directed staff to show the overall cost for each project they present to the Commission.

Moved by Commissioner Cook, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously

Resolution No. 00-0176: Approve the final plans and specifications and authorize bid call for Hetch Hetchy Water and Power Contract No. HH-894, Moccasin Communication and Control Center.

Items 15 and 16 were taken collectively.

Commissioner Cook moved, seconded by Commissioner Bhatt to adopt Items 15 and 16; passed (4-0) unanimously.

15. Resolution No. 00-0177: Approve the final plans and specifications and authorize bid call for San Francisco Water Department Contract No. WD-2230, Calaveras Potassium Permanganate Facility.
16. Resolution No. 00-0178: Approve the final plans and specifications and authorize bid call for San Francisco Water Department Contract No WD-2348, Seismic Anchorage of Equipment at Harry Tracy Water Treatment Plant.

Award

17. Discussion and possible action related to Hetch Hetchy Water & Power Contract No. HH-882.

Mr. Quan reported that five bids were received for the contract. A protest was filed by the lowest bidder related to bid discount issues but had been resolved. The Human Rights Commission confirmed that the bidder was not a certified MBE/WBE firm. He said the protest did not change the rating of the bidders.

Moved by Commissioner Caen, seconded by Commissioner Cook, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0179: Award Hetch Hetchy Contract No. HH-882, San Joaquin Pipeline No. 2 Throttling Stations, in the amount of \$1,216,080 to the lowest responsive and responsible bidder, Ford Construction, Inc.

Close

18. Discussion and possible action related to Clean Water Program Contract No. CW-117.

Moved by Commissioner Cook, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0180: Accept work performed for Clean Water Program Contract No. CW-117, Deming Street/Farnsworth Lane/O'Farrell Street/Iron Alley/Clayton Street Sewer Replacement; approve Contract Modification in the credit amount of \$31,100 for a total contract amount of \$275,465; and authorize final payment to Shaw Pipeline, Inc. in the amount of \$13,773.

19. Discussion and possible action related to Clean Water Program Contract No. CW-175.

Moved by Commissioner Caen, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0181: Accept work for Clean Water Program Contract No. CW-175, Broad Street Sewer Replacement, on Broad Street from Plymouth Avenue to Capitol Avenue; approve Contract Modification No. 1 (Final) in the credit amount of \$400 for a new contract total of \$88,064, and with a

time extension of 7 calendar days for a new total contract duration of 21 calendar days; and authorize final payment to Instituform Technologies, Inc. in the amount of \$28,976.

20. Discussion and possible action related to Hetch Hetchy Water and Power Contract No. HH-836.

Mr. Quan noted that the prime contractor, Proven Management, Inc. exceeded the MBE/WBE participation goals for this contract.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0182: Accept the work performed for Hetch Hetchy Water and Power Contract No. HH-836, Priest Reservoir Outlet Tunnel and Spillway Modifications, approve Contract Modification No. 1 (Final) for the credit amount of \$19,204.03, which reduces the final contract amount to \$1,223,295.97, and authorize final payment to Proven Management, Inc. in the amount of \$132,312.37.

21. Discussion and possible action related to Hetch Hetchy Water and Power Contract No. HH-872.

Mr. Quan reported that the contractor, Proven Management, did not meet the subcontracting goals due to non-performance of their subcontractors. The Human Rights Commission reviewed all information and gave credit to the firm for their previous contract (Item 20) where they exceeded their subcontracting goals.

President Normandy expressed concerns about the failure of the subcontractors to perform. Mr. Quan explained that there was an 11-day shutdown period to allow the contractor to perform the work and the subcontractor was unable to meet the timeframe. President Normandy requested staff to explain what the conflicts were in the design and recommend ways to avoid them in the future.

Commissioner Cook inquired about ways to hold the prime contractor responsible for non-performance of subcontractors. He noted that primes tend to use the same subs repeatedly and they should be able to know when their subs are busy with other jobs. He was concerned that the prime used their own employees to do the work for the subs and gained benefits from the situation. Mr. Quan explained that the prime had the option to substitute a subcontractor. They may have decided to do the work themselves due to the 11-day shutdown period and the difficulty of finding another subcontractor within a short timeframe.

Moved by Commissioner Caen, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-0).

Resolution No. 00-0183: Accept the work performed for Hetch Hetchy Water & Power Contract No. HH-872, Moccasin Reservoir Gate Improvements; approve Contract Modification No. 1 (Final) to increase the contract by \$13,474.74, resulting in an increase of the final contract amount to \$502,374.74; and authorize final payment to Proven Management, Inc. in the amount of \$29,504.74.

CLOSED SESSION

22. Public comments on matters to be discussed in Closed Session.

There were no public comments.

23. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to assert the attorney-client privilege; passed (4-0) unanimously.

From 3:07 P.M. to 3:25 P.M., the meeting was recessed.

The Public Utilities Commission met in Closed Session from 3:25 P.M. to 4:04 P.M. to discuss the items listed below.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation:	As Plaintiff and as Defendant
Property:	500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating:	Lymburn /Thompson/Malamut City of Pleasanton
Under Negotiation:	Terms and Conditions

Present were President Normandy, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, Acting PUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, and Deputy City Attorney Charles Sullivan.

No action was taken.

25. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: Regarding litigation against PG&E for polychlorinated biphenyl (PCB) spills in the Peninsula watershed.

Present were President Normandy, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, SFPUC Acting General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, and Deputy City Attorney Joshua Milstein.

No action was taken.

26. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation: As Plaintiff
Property: Old Muni Railway and Sunset Supply Line, South San Francisco
Parties Negotiating: CCSF - Dowd/Larramendy/Sullivan
Lessee: Treasure island Trailer and Motel, Inc.
Under Negotiation: Terms

Present were President Normandy, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, SFPUC Acting General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Deputy City Attorney Charles Sullivan, Bureau of Commercial Land Management Manager Gary Dowd, SFPUC Real Property Officer Joseph Tham, Water Supply and Treatment Division Manager Cheryl Davis, and Water Supply & Treatment staff Don Larramendy.

No action was taken.

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property negotiator - Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Property: Baker Street Outfall Structure
Parties Negotiating: CCSF – Dowd/Kehoe
Under Negotiation: Terms

Present were President Normandy, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, Acting PUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Bureau

of Commercial Land Management Manager Gary Dowd, SFPUC Real Property Officer Joseph Tham, Acting Public Affairs Manager Paula Kehoe, and SPEAC Planner Barry Pearl.

No action was taken.

28. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager of Public Utilities

Present were President Normandy, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, Acting PUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, and Commission Secretary Jill R. Thompson.

No action was taken.

29. Announcement following Closed Session.

President Normandy announced that there were no actions taken during the Closed Session.

30. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 4:05 P.M.

Jill R. Thompson
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA
REGULAR MEETING

July 25, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

JUL 21 2000

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Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Finance
Management Information Systems
Personnel and Training
System Planning Environment and Compliance
Utilities Engineering Bureau
Water Quality

John P. Mullane Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-5163; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site <http://www.ci.sf.ca.us/ethics/>.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Introduction of Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a. Peninsula Sportsmen's Club.
 - b. Status Report on PUC issues at the Board of Supervisors.
 - c. System-wide Fluoridation. 7 mins. (DeGraca/Boozarpour)
8. Bay Area Water Users Association (BAWUA) General Manager's Report
 - a. BAWUA's Participation on the Mayor's Infrastructure Task Force.
9. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

10. Discussion and possible action related to the California Independent System Operator (CAISO) Demand Reduction Program. (Jurosek)

Staff Recommendation: Recommend the Board of Supervisors' approval of the Demand Relief Agreement between the California Independent System Operator and the City and County of San Francisco.

CONSTRUCTION CONTRACTS

Advertise

11. Discussion and possible action related to San Francisco Water Department Contract No. WD-2316. (Quan)

Staff Recommendation: Reject the sole bid received for San Francisco Water Department Contract No. WD-2316, Sunol Valley Water Treatment Plant Improvements Project Phase 1; and authorize the Utilities Engineering Bureau Manager to readvertise the contract as San Francisco Water Department Contract No. WD-2316R.

12. Discussion and possible action related to San Francisco Water Department Contract No. WD-2323. (Quan)

Staff Recommendation: Approve the final plans and specifications, and authorize advertisement for bids for San Francisco Water Department Contract No. WD-2323, Meter and Valve Testing/Calibration Facility and Associated Improvements.

Award

13. Discussion and possible action related to San Francisco Water Department Contract No. WD-2166R. (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2166R, CDD Safety and Environmental Hazard Abatement, in the amount of \$1,389,100 to the lowest and responsible bidder, Schram Construction, Inc.

14. Discussion and possible action related to Hetch Hetchy Water and Power Contract No. HH-886. (Quan)

Staff Recommendation: Award Hetch Hetchy Water and Power Contract No. HH-886, Lining Moccasin Grizzly Creek, in the amount of \$889,075 to the lowest responsive and responsible bidder, Proven Management, Inc.

15. Discussion and possible action related to Hetch Hetchy Water and Power Contract No. WP-16R.

Staff Recommendation: Award Hetch Hetchy Water and Power Contract No. WP-16R, Cherry Power Tunnel Rock Trap Rehabilitation, in the amount of \$776,000 to the lowest responsive and responsible bidder, Mitchell Engineering; and authorize the transfer of funds in the amount of \$260,000 from Power Transformer Additions to this contract.

PROFESSIONAL SERVICE CONTRACTS

Advertise

16. Discussion and possible action related to Request for Proposals for Financial Advisory Services. (Berry)

Staff Recommendation: Authorize the General Manager of Public Utilities to solicit proposals for financial advisory services.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.
18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation: As Plaintiff and as Defendant
Property: 500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating: Lymburn/Thompson/Malamut
City of Pleasanton
Under Negotiation: Terms and Conditions

20. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: Banks v. City and County of San Francisco, San Francisco Superior Court No. 994-115.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: Hertz Equipment Rental, Claim No. 99W 5038-1.

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: Terry Dowd vs. City & County of San Francisco, Water Department, Claim No. 97-W-0147.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

24. Announcement following Closed Session.

25. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 4th Floor
San Francisco, CA 94103

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Government Information Center
100 Larkin Street, 5th Floor



San Francisco Public Utilities Commission
CITY AND COUNTY OF SAN FRANCISCO

Main Public Library
Government Information Center
100 Larkin Street, 5th Floor.

Willie L. Brown, Jr.
MAYOR

MINUTES

REGULAR MEETING

July 25, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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Customer Service
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Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:35 P.M.
2. Roll Call: Present - Vice President Victor G. Makras, Commissioner Frank L. Cook, Commissioner Ashok Bhatt

Commissioner Ann Moller Caen arrived at 1:55 P.M.

Excused - President E. Dennis Normandy

Vice President Makras chaired.

3. Approval of Minutes

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the Minutes of the Regular Meeting of May 9, 2000; passed (3-0) unanimously.

4. Communications

No action was taken.

5. Old/Ongoing Business by Commissioners

No action was taken.

6. Introduction of New Business by Commissioners

There was none.

7. Report of the General Manager

- a. Peninsula Sportsmen's Club.

Steve Medbery reported the status of the cleanup work on a PUC property left by the Peninsula Sportsmen's Club located south on Dumbarton Bridge near the City of Palo Alto and Menlo Park. Lead shotgun pellets and remains of clay pigeon debris contaminated the site. Mr. Medbery stated that cleaning up the site would cost \$10 million. The Commission approved a supplemental appropriation of \$600,000 and \$2.5 million is available in this year's capital improvement program.

Mr. Medbery reported that cleanup work is underway. He stated that staff had completed an analysis of the site contamination and remedial alternatives. Staff recommended Alternative #4 for the uplands area and

Alternative #5 for the salt pond area. Alternative #4 involves excavation of contaminated soil, separation of shotgun pellets, stabilization of soil with cement, loading and disposal as non hazardous waste. Alternative No. 5 has the same concept. Mr. Medbery stated that managing the contaminants as non-hazardous waste, saves us money and reduces future potential liabilities. He said these alternatives were submitted to the State Regional Water Quality Control Board and staff is awaiting their response.

Mr. Medbery noted that staff would commence the removal of the pigeons and expected to remove 5,000 tons of clay pigeon debris in August. After initial removal, bid documents would be prepared along with CEQA review documents. Funding is needed next year to implement the remedial measures.

Vice President Makras expressed appreciation to staff for the speed they were taking in handling this issue.

b. Status Report on PUC issues at the Board of Supervisors.

Lawrence T. Klein, Acting PUC General Manager, reported that the Sale of the Bernal Property was going to the Board of Supervisors' Finance Committee and he foresees no problem with this item.

Mr. Klein reported that staff was working with the Board of Supervisor's Budget Analyst and the San Francisco Water Alliance to resolve issues raised by the Finance Committee concerning the Program Management contract. The budget analyst had asked PUC to set initial performance measures. The contract is now being modified to change the contract term from four years to a four-year contract with annual renewal after performance reviews by the Public Utilities Commission and the Board of Supervisors.

c. System-wide Fluoridation.

Andrew DeGraca, Water Quality Bureau Manager, gave an update on the status of the Fluoridation Facility Improvement Project. The project involves replacement of the existing Polhemus Fluoridation Facility in San Mateo and System-wide Fluoridation in the East Bay.

Mr. DeGraca reported that 20 BAWUA agencies that do not receive fluoridated water were surveyed to get their position about fluoridated water. Staff received response from half of those surveyed. Five were in favor. Four already fluoridate their water. Four were uncertain. The City of Mountain View did not respond as they were already proceeding with its own voter-mandated fluoridation facility.

Mr. DeGraca stated that letters were also sent to local Health Departments. The State of California Department of Health Services and the Health Departments of San Francisco and San Mateo were in favor of system-wide fluoridation. He also met with BAWUA agencies and provided them with background information. Letters were also sent to various Mayors to obtain their position on the subject and responses. Responses are due by September 8, 2000.

Vice President Makras suggested that staff provide a summary of the pros and cons of fluoridation.

Commissioner Caen arrived during the discussion at this point.

d. Commercial Paper.

William Berry, Assistant General Manager for Finance and Administration, reported that a memo was submitted to the Commission recommending financing alternatives for the Capital Improvement Program. The memo recommended expanding the size of the Commercial Paper Program from \$150 million to \$250 million to fund the Capital Improvement Program approved last year and the current year. Mr. Berry stated that staff would be working with banks to obtain an agreement to increase the size of the letter of credit. An agenda item to approve the expansion would be brought to the Commission in late September or early October.

Vice President Makras asked why this was not brought up as a policy decision as opposed to a memorandum. Mr. Berry explained that the intent of the memo was to inform the Commission of the need to increase the amount of capital and provided available financing options.

Commissioner Caen suggested scheduling this matter for discussion at the next meeting as an agenda item.

Vice President Makras commented that the memo neither guaranteed cost savings nor provided information on how the program performed. He believed that there is a good check and balance when a report comes back on the outcome of a new program. Mr. Berry responded that the memo provided information on how well the program has done which was the basis of their recommendation.

Vice President Makras directed staff to calendar this item so that it becomes a policy decision of the Commission to increase the commercial paper amount.

Mr. Berry reported that the Mayor appointed the 14 members of the Public Utilities Infrastructure Task Force. Mr. Berry was appointed one of the members. The first meeting of the task force was scheduled for July 28, 2000 to discuss its purpose and mission.

Vice President Makras recommended that someone from the Program Management team be invited to the task force as a non-participating member.

e. Church of the Nazarene.

Mr. Klein stated that the Commission at the last meeting directed staff to respond to the Church's request to reconnect their water service. The Church had been serviced by a fire hydrant for water service for the last years and later was told that the Fire Department would discontinue that service. Staff worked out an agreement with the Fire Department to let the church continue using the fire hydrant. Mr. Klein advised that the church had sold the property to a development group and as a result of the sale lost their utility easement for water thereby leaving the City and the Church no rights to install a waterline. This matter is now an issue between the homeowner's association and the church.

Commissioner Bhatt commented that the church was an existing structure and should have a connection to a water meter. He questioned why a sale of property matters when this should have water connection in the first place. He was concerned about possible liabilities to the City.

Commissioner Cook noted that the Church should have included a provision for ingress and egress when they sold the property.

Vice President Makras directed staff to report at the next Commission meeting to address Commissioner Bhatt's concern and the PUC's responsibility to provide continuous service to a customer given the land use issues. He also suggested that staff recommend ways to deal with health and safety issues related to water supplied through fire hydrants.

Vice President Makras congratulated Larry Klein for taking on the General Manager's responsibilities while John Mullane was recovering from surgery.

8. Bay Area Water Users Association (BAWUA) General Manager's Report

a. BAWUA's Participation on the Mayor's Infrastructure Task Force.

Art Jensen, BAWUA General Manager, reported that he was also appointed to the Mayor's Public Utilities Infrastructure Tasks Force. He explained that his participation in the task force brings value to the group,

as he is familiar with PUC's CIP projects. He said that as a member he would express BAWUA's interests on issues and ideas with respect to the regional water system.

Mr. Jensen stated that they had sent a letter to the Finance Committee expressing support to the PUC in its effort to bring a Program Manager to manage the CIP. He also stated that the Commission would be receiving letters from various member agencies of BAWUA recommending actions to improve the regional water supply.

Commissioner Cook expressed concerns about the tone of communications received from BAWUA agencies that PUC is poorly managed. He requested Mr. Jensen to convey to these agencies the Commission's request to focus on positive solutions rather than criticism of staff and the Commission.

Vice President Makras concurred with Commissioner Cook's comments and urged Mr. Jensen to convey to BAWUA member agencies the need for constructive participation to get the best resolution.

9. Public Comments on Matters not on Today's Agenda.

Ernestine Weiss commented in support of electric municipalization in San Francisco.

10. Discussion and possible action related to the California Independent System Operator (CAISO) Demand Reduction Program.

Marla Jurosek, Manager of Retail Services, reported that the City entered into an agreement with the ISO to curtail load during power emergencies. Load curtailment by City departments would generate \$4 million in revenues during the 4-month term of the program. Ms. Jurosek noted that we have generated over \$1.5 million since June 15, 2000. For the PUC to receive the benefit of this revenue, we need the Board of Supervisors approval, as required by the City Charter for revenues more than \$1 million.

Commissioner Caen stated that New York State was doing a similar program and she wanted to know what they are giving for the megawatt hour. Laurie Park, Acting Manager for Hetch Hetchy Water & Power, explained that we would not make as much money on it as the East Coast and Midwest, as they do not impose price caps in these regions. Ms. Jurosek noted that the City's bid at \$650 million was the highest. Ms. Park pointed out that San Francisco was the only municipality that participated in the program and was the only one receiving compensation.

Moved by Commissioner Caen, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0184: Recommend the Board of Supervisors' approval of the Demand Relief Agreement between the California Independent System Operator and the City and County of San Francisco.

CONSTRUCTION CONTRACTS

Advertise

11. Discussion and possible action related to San Francisco Water Department Contract No. WD-2316.

Mr. Quan advised that due to a busy construction climate, staff received only one bid that was \$20 million over the engineer's estimate. He recommended rejecting the bid and readvertising the contract. They have done outreach and five contractors have signified their willingness to bid if the contract was readvertised.

Responding to Vice President Makras' inquiry, Mr. Quan stated that the engineer's estimate will increase by \$5.4 million due to other changes and additions to the contract such as site access and fire protection improvement, and equipment cost increase.

Moved by Commissioner Cook, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0185: Reject the sole bid received for San Francisco Water Department Contract No. WD-2316, Sunol Valley Water Treatment Plant Improvements Project Phase 1; and authorize the Utilities Engineering Bureau Manager to readvertise the contract as San Francisco Water Department Contract No. WD-2316R.

12. Discussion and possible action related to San Francisco Water Department Contract No. WD-2323.

Commissioner Caen inquired on how soon could we recoup the money expended for this project. Mr. Quan stated that it would take 7 to 8 years to recapture the cost of improvements for smaller meters.

Vice President Makras stated that he would support the item but he wanted to clarify that the recapture time would take substantially longer due to associated labor costs. If we were to let a contract for meter testing work, we would save the cost to build a meter testing facility and operating and maintenance costs, which

are greater than construction costs. He recognized the benefits of doing it in-house but he was concerned about operating and maintenance costs.

Moved by Commissioner Cook, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0186: Approve the final plans and specifications, and authorize advertisement for bids for San Francisco Water Department Contract No. WD-2323, Meter and Valve Testing/Calibration Facility and Associated Improvements.

Award

13. Discussion and possible action related to San Francisco Water Department Contract No. WD-2166R.

Mr. Quan reported that a protest was received from Schram questioning the subcontract certification of the first and third low bidders. HRC determined that the lowest bidder was not responsive, as they did not meet the subcontracting goals. HRC recommended the award of the contract to the next low bidder, Schram Construction. All protests have been resolved. Vice President Makras stated that he inspected the site and he believed that the work is necessary and that this is an appropriate expenditure.

Moved by Commissioner Caen, seconded by Commissioner Cook, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0187: Award San Francisco Water Department Contract No. WD-2166R, CDD Safety and Environmental Hazard Abatement, in the amount of \$1,389,100 to the lowest responsive and responsible bidder, Schram Construction, Inc.

14. Discussion and possible action related to Hetch Hetchy Water and Power Contract No. HH-886.

Moved by Commissioner Cook, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0188: Award Hetch Hetchy Water and Power Contract No. HH-886, Lining Moccasin Grizzly Creek, in the amount of \$889,075 to the lowest responsive and responsible bidder, Proven Management, Inc.

15. Discussion and possible action related to Hetch Hetchy Water and Power Contract No. WP-16R.

Matthew Gass, Maintenance Engineering Manager in Moccasin, presented the item.

Commissioner Caen questioned the statement in the agenda item that the wide disparity in the bids was due to the contractor's inability to inspect the site before bidding. Mr. Gass stated that the site cannot be inspected since the rock trap is over 5,000 feet and watered up all the time. It is difficult and costly to dewater the tunnel because it takes five days to do that not to consider the loss of revenue, as we would shut down power generation.

Vice President Makras asked for clarification as to whether the contractor would assume all the risks for not inspecting the site or staff would accept work change orders later in fairness to the contractor. Mr. Gass indicated that the major risk was not in the work itself but the actual mechanics of how to get the work done inside the tunnel.

Moved by Commissioner Caen, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0189: Award Hetch Hetchy Water and Power Contract No. WP-16R, Cherry Power Tunnel Rock Trap Rehabilitation, in the amount of \$776,000 to the lowest responsive and responsible bidder, Mitchell Engineering; and authorize the transfer of funds in the amount of \$260,000 from Power Transformer Additions to this contract.

PROFESSIONAL SERVICE CONTRACTS

Advertise

16. Discussion and possible action related to Request for Proposals for Financial Advisory Services.

Mr. Berry reported that the contract for the PUC financial advisor expired and the Commission a year ago instructed staff to rebid and draw from the pool used by the Mayor's Office of Public Finance. The pool expired in March 2000.

Vice President Makras inquired what the advisor would provide for their services. Mr. Berry stated that the PUC has had a financial advisor in the past to provide financial advice. The advisor would advise us in putting together the official statement, working with rate agencies, looking at different financing mechanisms

for the CIP. He said it is typical for municipal agencies to have a third party financial advisor.

Vice President Makras said he was skeptical as to what we would get for a \$500,000 contract over 4 years. He said staff was capable of knowing our history and operation and he could not understand the necessity of hiring an expert. Mr. Klein explained that we need to sell bonds for Water and Clean Water projects and we need \$1.3 billion to fund the Capital Improvement Program. We have less than \$500 million in funding available through the previous bonds and capital authorizations.

Commissioner Caen suggested amending the resolution to reduce the term to two years and revisit the contract after that time.

Vice President Makras stated that he would support the item if the term were reduced. He also suggested incorporating a progress report on the services rendered on a quarterly basis.

Mr. Berry stated that it takes a lot of time to go through the RFP process to come back to the Commission. Vice President Makras pointed out that the two-year term is consistent with the PUC policy and the extension allows flexibility to get the full four years if staff is pleased with the contractor's performance.

Mr. Berry stated that he would go with two years, as they need the assistance of a financial advisor. We would have outstanding bonds for a long time and we would need an advisor to manage those bonds.

Commissioner Caen suggested approving the resolution as presented with an amendment that the term is for two years with yearly extensions. She recommended not put a term on the annual extension. She felt that if the advisor was doing a good job there is no reason to go through the bid process again. She recommended amending the agenda item to reflect that the amount authorized by the Commission was \$250,000 rather than \$500,000.

Mr. Art Jensen waived his opportunity to comment.

Moved by Commissioner Caen, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0190: Authorize the General Manager of Public Utilities to solicit proposals for financial advisory services.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.

There was none.

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Makras, seconded by Commissioner Caen, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission went into Closed Session to discuss the following items at 3:10 P.M.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation: As Plaintiff and as Defendant
Property: 500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating: Lymburn/Malamut
City of Pleasanton
Under Negotiation: Terms and Conditions

Present were Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, Acting PUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Deputy City Attorneys John Malamut and Charles Sullivan.

No action was taken.

20. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

Present were Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, Acting PUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, and Commission Secretary Jill R. Thompson.

No action was taken.

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Banks v. City and County of San Francisco, San Francisco Superior Court No. 994-115.

Present were Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, Acting PUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, and Commission Secretary Jill R. Thompson.

Moved by Commissioner Caen, seconded by Commissioner Cook, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0191: Recommending a settlement in the case of Banks v. City and County of San Francisco, San Francisco Superior Court No. 994-115.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Hertz Equipment Rental, Claim No. 99W 5038-1.

Present were Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, Acting PUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, and Commission Secretary Jill R. Thompson.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0192: Recommending a settlement in the case of Hertz Equipment Rental, Claim No. 99W 5038-1.

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Terry Dowd vs. City & County of San Francisco, Water Department, Claim No. 97-W-0147.

Present were Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, Acting PUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, and Commission Secretary Jill R. Thompson.

Moved by Commissioner Caen, seconded by Commissioner Cook, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0193: Recommending a settlement in the case of Terry Dowd vs. City & County of San Francisco, Water Department, Claim No. 97-W-0147.

At 3:47 P.M., the Commission reconvened in open session.

24. Announcement following Closed Session.

Vice President Makras announced the actions taken during Closed Session.

25. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Cook, seconded by Commissioner Caen, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 3:50 P.M.

Jill R. Thompson
Secretary



San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

August 8, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Finance
Management Information Systems
Personnel and Training
System Planning Environment and Compliance
Utilities Engineering Bureau
Water Quality

John P. Mullane Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-5163; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site <http://www.ci.sf.ca.us/ethics/>.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Introduction of Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a. Policy for Encroachment on Pipeline Right-of-Way. 7 mins. (Davis/Naras)
 - b. Regulatory Negotiations. 4 mins. (Leonard)
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

9. Discussion and possible action related to the SFPUC Commercial Paper Program. (Berry)

Staff Recommendation: Authorize the increase of the commercial paper program to \$250 million subject to the Board of Supervisors' approval; and approve amendments to existing financing documents.

10. Discussion and possible action related to the development of the Vista Grande Stormwater Diversion Project. (Carlin)

Staff Recommendation: Authorize the General Manager of Public Utilities to sign the Memorandum of Understanding between North San Mateo County Sanitation District and SFPUC for the development of the conceptual engineering report for the Vista Grande Stormwater Diversion Project; and authorize payment of \$40,000 to North San Mateo County Sanitation District for SFPUC's share of development costs.

LEASES AND PERMITS

11. Discussion and possible action related to the jurisdictional transfer of Public Utilities Commission land located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues. (Continued from the meeting of July 11, 2000.) (Dowd)

Staff Recommendation: Request the Director of Property to prepare and submit a legislation to the Board of Supervisors to accommodate the jurisdictional transfer of 2,968 sq. ft. of land owned by the Public Utilities Commission, located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues to the Public Transportation Commission, at historical cost of \$2,166.64 to construct an electrical substation building; adopt the findings under the California Environmental Quality Act (CEQA) for approval of the Light Rail Alternative; and adopt mitigation measures described on the findings.

12. Discussion and possible action related to the sale of SFPUC property to Glen Park Marketplace Phoenix LLC. (Dowd)

Staff Recommendation: Request the Director of Property to prepare and submit a legislation to the Board of Supervisors to accommodate the sale of Block 6745, Lot 29, located on Wilder Street in San Francisco, to Glen Park Marketplace Phoenix LLC for the sum of \$285,000 provided Glen Park Marketplace accepts property in an "as is" condition, pays all sewer relocation costs, closing costs, court action and related items.

13. Discussion and possible action related to a permit with the San Francisco Department of Public Works. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to extend a Revocable Permit with the San Francisco Department of Public Works for use of the Washington Street Pump Station and surrounding area located at Washington and Drumm Streets, in San Francisco, for office space, parking and placement of two office trailers.

14. Discussion and possible action related to a lease with Mid Peninsula High School. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a 20-year lease with Mid Peninsula High School for approximately 58,400 square feet of PUC land located on a portion of Bay Division Pipelines No. 1 and 2, Parcel 2007(1) in the City of Menlo Park, for use as parking lot and playing field for an adjacent high school at an annual rental rate of \$25,356.24.

CONSTRUCTION CONTRACTS

Advertise

15. Discussion and possible action related to San Francisco Water Department Contract No. WD-2347. (Quan)

Staff Recommendation: Approve the final plans and specifications; authorize bid call for San Francisco Water Department Contract No. WD-2347, Pulgas Valve Lot Upgrade; and approve the transfer of a total of \$926,700 to this project.

16. Discussion and possible action related to Clean Water Program Contract No. CW-209.
(Quan)

Staff Recommendation: Approve the final plans and specifications and authorize bid call for Clean Water Program Contract No. CW-209, Union Street/Kearny Street Sewer Replacement.

17. Discussion and possible action related to Clean Water Program Contract No. CW-262.
(Quan)

Staff Recommendation: Approve the final plans and specifications and authorize bid call for Clean Water Program Contract No. CW-262, Southeast Water Pollution Control Plant Roofing Project - Buildings 800, 900 and 940.

Award

18. Discussion and possible action related to Hetch Hetchy Water and Power Contract No. HH-888. (Quan)

Staff Recommendation: Award Hetch Hetchy Water and Power Contract No. HH-888, Moccasin Sewer Replacement, in the amount of \$1,373,800 to the lowest responsive and responsible bidder, Proven Management, Inc.

19. Discussion and possible action related to San Francisco Water Department Contract No. WD-2313. (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2313, Existing Fence Replacement/Upgrade in Alameda and San Mateo Counties, in the amount of \$367,350 to the lowest and responsible bidder, Acaba Construction.

20. Discussion and possible action related to Clean Water Program Contract No. CW-174.
(Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-174, Howard/Minna/2nd Streets Sewer Replacement, in the amount of \$337,966 to the lowest responsive and responsible bidder, Golden Pacific Construction.

21. Discussion and possible action related to Clean Water Program Contract No. CW-251.
(Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-251, 11th Avenue and 22nd Avenue Sewer Replacement, in the amount of \$329,549 to the lowest responsive and responsible bidder, J. Flores Construction Company, Inc.

Amend

22. Discussion and possible action related to San Francisco Water Department WD-2242R.
(Quan)

Staff Recommendation: Authorize amendment to San Francisco Water Department Contract No. WD-2242R, Thomas Shaft Chlorination Improvement, in the amount of \$105,541 to provide for changes to the electrical system and structural site work.

Close

23. Discussion and possible action related to Clean Water Program Contract No. CW-116.
(Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-116, 33rd Avenue/Lyon Street/Molimo Drive/Randolph Street-Vernon Street Intersection Sewer Replacement; approve contract modification in the credit amount of \$1,395; authorize final payment to Shaw Pipeline, Inc. in the amount of \$15,876.

CLOSED SESSION

24. Public comments on matters to be discussed in Closed Session.
25. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation: As Plaintiff and as Defendant
Property: 500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating: Lymburn/Thompson/Malamut
City of Pleasanton
Under Negotiation: Terms and Conditions

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton/Bowick)

Existing Litigation: Lisa D. Arnold v. CCSF, Superior Court No. 998-715.

28. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

29. Announcement following Closed Session.

30. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



San Francisco Public Utilities Commission

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

REGULAR MEETING

August 8, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

OCT - 3 2000

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:45 P.M.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Frank L. Cook, Commissioner Ann Moller Caen, Commissioner Ashok Bhatt

3. Approval of Minutes

Moved by Commissioner Caen, seconded by Commissioner Cook, to adopt the Minutes of the Regular Meeting of June 13, 2000; passed (5-0) unanimously.

4. Communications

No action was taken.

5. Introduction of Old/Ongoing Business by Commissioners

President Dennis Normandy welcomed PUC General Manager John Mullane back to the PUC after his absence due to heart surgery. He also thanked Larry Klein, Assistant General Manager for Operations, for managing the PUC so ably in Mr. Mullane's absence.

6. Introduction of New Business by Commissioners

President Normandy asked the General Manager for a report on the effect of current gasoline prices on both PUC operations and PUC's operating budget.

7. Report of the General Manager

John P. Mullane, PUC General Manager, requested continuance of Item 11 to the August 22, 2000 meeting as staff of the PUC and Municipal Railway were trying to resolve the issue of hazardous materials.

He stated that the scheduled closed session would not go forward as staff had nothing to report on Item Nos. 26 and 28. Item 27 had to be removed from the agenda as it was not a PUC item and concerns the Department of Public Works.

Mr. Mullane introduced Therese Madden as the Interim PUC Personnel Manager following the resignation of Dorothy Bowman.

Before introducing Joe Naras to speak on the Right of Way Policy, Mr. Mullane remarked that the presentation would show the need for a strong policy given what had been happening on the PUC rights-of-way over the years.

a. Policy for Encroachment on Pipeline Right-of-Way.

Joseph Naras, Watershed Resource Manager, gave a presentation on encroachment on pipeline rights-of-way. A policy was adopted by the Commission in 1999 and was part of the Bureau of Land Management's operating manual. Because the encroachments on the rights-of-way are sizable, the Commission had stressed the need for an intensive encroachment program. Those encroachments that pose the most threat to the pipeline safety and those encroachments most easily removed are to be addressed first. Mr. Naras showed slides depicting debris left on the rights-of-way and structures placed on the right of way. Notification would be sent to the responsible party and if no action were taken then the matter would be referred to the City Attorney's office. If the encroachment is high risk or easily removed, then the PUC may chose to remove it. PUC is making every effort to apply the policy consistently. A public outreach program is being developed, including letters, door hangers, Question & Answer Sheets, and a fact sheet of the policy. The website would also be updated. Plans are in the works to conduct public meetings, and if necessary, media outreach. Joe Naras showed slides of encroachments in the Fair Oaks area in San Mateo County. He stated that difficult cases might be brought to the Commission.

President Normandy stated that a policy was much needed. Due to SFPUC's plans to seismically retrofit our system within the next 10 to 15 years, this is a major step. He directed staff to expand the public outreach process in an effort to prevent the PUC being painted as the "bad guy" by tenants and politicians.

Vice President Makras suggested that BAWUA members should sign onto the program to create a true partnership and support to the PUC. He also felt that we do not need such an aggressive outreach program but simply contact the encroacher and tell him/her in a polite way that the encroachment must be removed. If it was a difficult case, it could be brought to the Commission. He emphasized the need for an exit program otherwise lawyers would be brought in saying that we knew about an encroachment as it was brought up in a public meeting; therefore, the encroacher gets to keep it because the PUC knew about it.

President Normandy clarified his remarks regarding public outreach stating he wished to provide the context of Commission action, which was to protect our property and the general public. Rather than using this as a cudgel, we need to impart that there is a greater good involved.

Cheryl Davis stated that public meetings were not needed for a general blanket program but in specific instances, such as the Fair Oaks District where the encroachments are prevalent, a public outreach was essential. The

Division would calibrate its efforts to the specific situation. Regarding the suburban customers, we have quarterly meetings, and plan to give this presentation to the customers at this upcoming meeting. She also suggested that BAWUA provide support to PUC in carrying out the program.

Vice President Makras wanted a firmer commitment in that he wished the suburban agencies to be on the record.

President Normandy concurred with Vice President Makras and stressed the need for access. He felt that tenants rights and squatters rights groups could paint us as the "bad guys" if we do not provide the context.

Commissioner Cook stressed that the record show that there are permanent structures involved. The encroachers should at least be leasing the property, and they are not even seeking permission to place the structures on our right-of-way. He spoke about dumping of possible hazardous materials into the PUC property.

b. Regulatory Negotiations

Steve Leonard reported that EPA future regulations would not require us to filter Hetch Hetchy Water. He gave some history starting in 1991 when the State Department of Health had required the SFPUC to filter and in 1993 we received a filtration avoidance designation. Since then, we have pursued an integrated strategy for filtration avoidance. During the '90s, Hetchy water had a series of problems caused by birds, fires, floods, bacteria, and turbidity. The public also had an increasing awareness of water quality. Cryptosporidium was a front-page story and utilities were made to inform the public of the make-up of their drinking water. SFPUC did various improvements to operation and water protection and chloramination is being planned. We have been in the forefront of public disclosure and the regulatory process. We formed a coalition with a number of other water utilities to sit down with EPA. FACA (the Federal Advisory Committee Act), allows certain regulations to be negotiated. We have seen no change in filtration avoidance and none is anticipated in the next round of talks. The consensus was to retain the current filtration avoidance but to add disinfection, which will reduce cryptosporidium. This results in letting us at the PUC know where we are for the next decade and allows us to plan our capital facilities with this in mind. New disinfection processes are probably within the \$30 million to \$80 million (soft numbers) but it is clear that we will not have to put in something like Sunol II at a cost of \$700 million.

Commissioner Caen inquired as to when this would be reviewed again and what would happen to other utilities. Mr. Leonard stated that EPA had shown schedules for a Phase III rule but he thinks that everyone is weary and that

they would perhaps start in 2005 but it would take several years. He explained that the other utilities were all covered by the same rule.

Commissioner Caen congratulated Steve Leonard on his accomplishment.

Vice President Makras wanted to thank staff but also thank the Commission. Back in 1991 General Manager Tom Elzey brought an item to the Commission to approve filtration but the Commission was steadfast and said they did not want to do it. The Commission was threatened with a \$25,000 a day penalty by the Federal Government if we did not build a filtration plant. At the Commission's request, staff set off on a course to sell the Commission's goal and was successful. The Commission has routinely passed the necessary projects to adhere to the avoidance with staff support and professionalism, and our goal was higher water quality throughout the process. Vice President Makras stated that we have a good check and balance in place. He thanked Mr. Leonard and staff for their efforts.

8. Public Comments

There were no public comments.

REGULAR BUSINESS

9. Discussion and possible action related to the SFPUC Commercial Paper Program.

Staff	Authorize the increase of the commercial paper program
Recommendation:	to \$250 million subject to the Board of Supervisors' approval; and approve amendments to existing financing documents.

Mr. Berry said the purpose of the agenda item was expansion of the SFPUC's Commercial Paper program from \$150 million to \$250 million. This would provide adequate financing for the \$226 million capital appropriations for FY 2000 and FY 2001. The SFPUC issued \$20 million of CP in July 1999, and currently has \$24 million outstanding. The current CP limit of \$150 million permits financing approximately \$137 million in capital costs (after allowing for reserves), leaving an \$89 million shortfall in funding. To eliminate this shortfall, the SFPUC can issue Water Revenue Bonds or, as recommended, increase the maximum amount of CP authorized to be outstanding.

President Normandy asked Mr. Berry to address how the use of Commercial Paper has served this agency to date and does the track record support increasing broader use of Commercial paper as recommended. Mr. Berry said SFPUC costs with CP over the last year were \$181,000 compared to approximately \$1.5 million had the SFPUC issued bonds. Given the pace of capital spending, bond proceeds would also have been subject to rebate to the IRS. However, while the SFPUC

continues to save money as a result of CP, it is subject to the risk that the interest rate on Bonds the Commission issues to retire Commercial Paper may be higher than the interest rate on Bonds the SFPUC might have issued as early as a year ago. For example, the true interest cost on Bonds the SFPUC might have issued in 1999 would have been approximately 5.6 percent, compared to 5.85 percent on bonds issued today. Mr. Berry said this risk is manageable through refinancing and also issuance of variable rate bonds. Given the pace of capital spending and the savings from use of Commercial Paper, he believed the SFPUC clearly benefits from this program and will benefit from the proposed expansion.

Commissioner Caen asked why this agenda item has to be done now. Mr. Berry responded that the \$89 million shortfall leaves that amount of capital spending on reserve. The SFPUC cannot spend or encumber funds without having Bond proceeds or, thanks to an agreement with the Controller, having CP issuance authority sufficient to cover all costs. The SFPUC would need to issue Bonds or expand the program by the end of the year, given the increasing pace of spending and contract approvals. Since either approach takes time, it would be desirable for the Commission to approve a course of action at this time.

Vice President Makras asked Mr. Berry if we have purchased any interest rate caps. Mr. Berry said we have not. Vice President Makras then asked for pros and cons as to why we have not purchased them. Mr. Berry explained that interest rate caps effectively limit the increase in interest rates on variable rate debt, in exchange for a fee. He said they are appropriate for sizable variable rate bond programs in a volatile interest rate environment, depending on fee levels, and that interest rate caps are not appropriate for use in connection with a commercial paper program being used to finance construction costs as is the case with the SFPUC commercial paper program. Vice President Makras asked Mr. Berry if he believed he would come to the Commission with a recommendation on interest rate caps or did he believe that to be a staff determination. Mr. Berry replied that the use of caps would be a policy decision for the Commission since Commission approval would be required. However, a recommendation for use of caps would normally come from staff or our financial advisors. In this case, we believe interest rate caps are not appropriate so it is not likely staff would recommend them to the Commission.

Commissioner Makras then discussed interest rate caps in the context of an exit plan in case interest rates increase. Mr. Berry agreed that it would be useful to have a Commission policy in this area and also repeated his recommendation that the Commission establish a Finance Committee that would meet periodically to review financial performance, establish and monitor financial policies and work with staff on new financing programs as needed.

President Normandy agreed with Vice President Makras that staff pursue the possibility of coming back to the Commission with certain parameters to address this area and then invited comments from the Commission regarding the issue of

whether the Commission should approve the pending request to increase the size of the Commercial Paper program. Commissioner Caen moved the item, and Vice President Makras seconded it for discussion purposes. Vice President Makras spoke of his continuing reservations about the program. He said that because capital programs are moving slowly, the Commercial Paper program is to our advantage. However, he also said there are risks involved and the Commission should establish a policy with regard to how the financing program is managed.

President Normandy said he is in favor of expansion of the Commercial Paper program, but that he had a specific problem with the way the agenda item has been presented to the Commission and its ramifications when presented further to the Board of Supervisors. He said the agenda item is competent technically, procedurally and mechanically, but that it does not provide sufficient context by showing how the program has benefited the Commission and will continue to do so given the track record. He suggested allowing a little more time to construct this proposal in a stronger fashion so that it will pass muster with Legislative Analyst Harvey Rose, the Finance and Labor Committee and the Board of Supervisors.

The Commission discussed whether to continue the item. Commissioner Cook suggested it would be beneficial if a Finance Committee was formed at the direction of the President, saying "in this way, when we come back and have an ongoing session regarding financing, we can have the structure and have these questions addressed in advance."

Commissioner Caen said it had been stated that the agenda item is not complete enough, and asked Vice President Makras and President Normandy to give direction on what they would want to see in the item. Vice President Makras said the item should define the program's risks so the Commission can sign on to the amount of risk it is willing to take. He said that if there are parts of a commercial paper program that have policy decision issues, like interest rate caps, those should be brought to the Commission in a calendar item with staff's recommendation that the Commission take parts of the program or decline parts of the program. He said that would provide a full and complete analysis of the program and the costs and ramifications associated with it. President Normandy said the item is missing context and track record as to the use of Commercial Paper up to this point within the PUC as part of the pros and cons of the resolution. He said he would like to see a very well articulated exit strategy should the Commission decide at some time interest rates are going to be at a point of diminishing returns. He said that while he would like to see the item beefed up, the Commission could still go ahead and pass the item in its current form.

Commissioner Caen withdrew the pending motion, and Vice President Makras withdrew his second. Commissioner Caen then moved that the item be continued to the Call of the Chair. The motion passed unanimously.

Moved by Commissioner Caen, seconded by Commissioner Makras, to continue Item 9 to the call of the Chair; passed (5-0) unanimously.

10. Discussion and possible action related to the development of the Vista Grande Stormwater Diversion Project.

Michael Carlin, Water Resource and Planning Manager, presented the item for approval of a Memorandum of Understanding (MOU) between SFPUC, Daly City and San Mateo County in an attempt to treat and divert stormwater from Vista Grande Canal to Lake Merced. The purpose of the MOU was to develop a conceptual engineering report completed by December 15. He showed slides of Lake Merced and environs. The idea was to open up the conduit under the roadway to get water into Lake Merced. The need for conceptual engineering surfaced when staff discovered that the conduit was inverted the wrong way – it was actually to drain Lake Merced when it was a reservoir. Mr. Carlin stated that we would also be entering into environmental review on all the activities at Lake Merced and a full-scale engineering. This is just a pilot project to look at other ways of getting more water into the Lake. SFPUC's share of cost is \$40,000.

Vice President Makras asked who the main beneficiary was of this project. Michael Carlin replied that there were three beneficiaries: City of Daly City, unincorporated parts of San Mateo and San Francisco (Lake Merced). Initially all three benefit equally. In the long term, the benefits will shift with Daly City and North San Mateo County benefiting more. This is when we start negotiating for cost sharing based on who benefits more. Vice President Makras was concerned that others would benefit the most and the allocation would be used as a benchmark to pay for everything further. He realized it was just a study but if others are benefiting and we are the lead agency, we should look carefully at this 40-40-20 as to it being the right allocation. Mr. Carlin stated that there was no commitment that this would be the allocation for the future but the MOU would start a precedent of working cooperatively together.

Vice President Makras just wanted things to be clear. He stated that if you start with a 40-40-20, that might be how the cost share of construction is formulated and that the benefit would be to others. He wondered why we should pay so much for the initial review. If the MOU states that this is just for the study, he would support the item. Mr. Carlin stated that this was under Section V of the MOU. There is no binding of future considerations or that these were the percentages to be used in future negotiations.

Commissioner Caen asked whether we could put such language in the MOU. President Normandy suggested that the last Resolve clause state that the Commission authorizes payment of "up to \$40,000", so that we are not stuck to the maximum and that we share the development costs "solely" for the conceptual engineering.

Moved by Commissioner Bhatt, seconded by Commissioner Caen, to adopt Item 10 as amended; passed (5-0) unanimously.

Resolution No. 00-0194: Authorize the General Manager of Public Utilities to sign the Memorandum of Understanding between North San Mateo County Sanitation District and SFPUC for the development of the conceptual engineering report for the Vista Grande Stormwater Diversion Project; and authorize payment of up to \$40,000 to North San Mateo County Sanitation District solely for SFPUC's share of development costs.

LEASES AND PERMITS

11. Discussion and possible action related to the jurisdictional transfer of Public Utilities Commission land located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues. (Continued from the meeting of July 11, 2000.)

Staff Recommendation:	Request the Director of Property to prepare and submit a legislation to the Board of Supervisors to accommodate the jurisdictional transfer of 2,968 sq. ft. of land owned by the Public Utilities Commission, located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues to the Public Transportation Commission, at historical cost of \$2,166.64 to construct an electrical substation building; adopt the findings under the California Environmental Quality Act (CEQA) for approval of the Light Rail Alternative; and adopt mitigation measures described on the findings.
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Item 11 was continued to the next regular Commission meeting scheduled on August 22, 2000 as requested by staff.

12. Discussion and possible action related to the sale of SFPUC property to Glen Park Marketplace Phoenix LLC.

Gary Dowd, Manager of the Bureau of Commercial Land Management, explained the item. He stated that the purchase price of \$285,000 was an independent appraisal by the San Francisco Real Estate Department.

Vice President Makras asked who would be relocating the pipe. Mr. Dowd replied that the purchaser would be doing the work with Sewer Department's oversight. Commissioner Makras asked whether that same privilege is extended to every developer. Mr. Dowd stated he did not know the answer but thought it was fairly typical. Mr. Mullane commented that there has always been a policy that if a

developer wished to install a water line they were allowed to do certain amounts of the work and the Water Dept. was responsible for some of the work including inspection. Over the years, the developers have never come back to the Department leading him to believe that their initial comment that "they could do it cheaper" did not stand up. He was not sure if this same policy applied to sewer but assumed it did. Vice President Makras wanted to be sure that in fact this was the case for sewers. The General Manager confirmed it was but said he would check and get back to Vice President Makras with the information.

Commissioner Caen stated that if the estimated value of the property was \$375,000, the developer should pay for the relocation of the sewer. Mr. Dowd explained that they were paying for the sewer relocation cost of \$90,000. Commissioner Caen wanted to know why it was not the value of the land plus the \$90,000. Mr. Dowd explained that the value of the land if there was no sewer in it is \$375,000. Vice President Makras commented that by moving the sewer and spending \$90,000, we would have \$285,000 and we would get the pipes relocated to where we wanted them to be. Mr. Dowd reiterated that with the developer paying the \$90,000 relocation cost, we were getting the full \$375,000 value.

Commissioner Cook commented that the appraised value of the property was low considering that is in a prime area. Mr. Dowd stated that the City's Real Estate Department hired the independent appraiser and the initial offer on the property was considerably less and that he felt confident of the number. Commissioner Cook felt that the lot was wider and it seemed more than one lot. Mr. Dowd stated he thought it was a standard lot but that the Department of Parking and Traffic had a lot next door which probably gave the appearance of the parcel being larger than it was.

Commissioner Bhatt thought that perhaps another appraisal would be advantageous.

Commissioner Makras supported staff's recommendation given that the site is next to a commercial building and two blocks up makes a big difference in the price. He noted that the appraisal was accurate in his opinion and that we benefit from the sewer relocation.

Public Comments:

Zoanne Nordstrom, President of the Glen Park Association, commented in support of staff's recommendation, as the buyer will put in a much-needed grocery store and a childcare center in the area.

Commissioner Cook moved, seconded by Vice President Makras to adopt the following resolution; motion passed (4-1). Commissioner Bhatt voted Nay.

Resolution No. 00-0195: Request the Director of Property to prepare and submit a legislation to the Board of Supervisors to accommodate the sale of Block 6745, Lot 29, located on Wilder Street in San Francisco, to Glen Park Marketplace Phoenix LLC for the sum of \$285,000 provided Glen Park Marketplace accepts property in an "as is" condition, pays all sewer relocation costs, closing costs, court action and related items.

13. Discussion and possible action related to a permit with the San Francisco Department of Public Works.

Moved by Commissioner Caen, seconded by Commissioner Cook; to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0196: Authorize the General Manager of Public Utilities to extend a Revocable Permit with the San Francisco Department of Public Works for use of the Washington Street Pump Station and surrounding area located at Washington and Drumm Streets, in San Francisco, for office space, parking and placement of two office trailers.

14. Discussion and possible action related to a lease with Mid Peninsula High School.

Moved by Commissioner Bhatt, seconded by Vice President Makras to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0197: Authorize the General Manager of Public Utilities to execute a 20-year lease with Mid Peninsula High School for approximately 58,400 square feet of PUC land located on a portion of Bay Division Pipelines No. 1 and 2, Parcel 2007(1) in the City of Menlo Park, for use as parking lot and playing field for an adjacent high school at an annual rental rate of \$25,356.24.

CONSTRUCTION CONTRACTS

Advertise

Vice President Makras moved, seconded by Commissioner Bhatt to adopt Items 15, 16 and 17; passed (5-0) unanimously.

Regarding Item 15, Mr. Quan explained that this project was originally envisioned to take place in two separate phases to minimize impact on operations. However, as a

cost saving measure, staff was proposing that it be all part of one project. He explained the request for re-appropriation of surplus funds from two projects where funds are no longer required. He explained the MBE/WBE aspects and that all bid protests had been resolved.

15. Resolution No. 00-0198: Approve the final plans and specifications; authorize bid call for San Francisco Water Department Contract No. WD-2347, Pulgas Valve Lot Upgrade; and approve the transfer of a total of \$926,700 to this project.
16. Resolution No. 00-0199: Approve the final plans and specifications and authorize bid call for Clean Water Program Contract No. CW-209, Union Street/Kearny Street Sewer Replacement.
17. Resolution No. 00-0200: Approve the final plans and specifications and authorize bid call for Clean Water Program Contract No. CW-262, Southeast Water Pollution Control Plant Roofing Project - Buildings 800, 900 and 940.

Award

As recommended by President Normandy, Items 18, 19, 20, and 21 were taken collectively.

Regarding Item 18, Vice President Makras stated that there was a list of sewer replacements in priority order and he did not recall seeing the Moccasin Sewer Replacement so high on the list. Mr. Quan stated that Item 18 applies to sewers in Moccasin as opposed to sewers in the City. Lawrence T. Klein, Assistant General Manager for Operations, explained that this was not part of the City sewer construction project because Hetch Hetchy was funding it. It is high on the Hetchy list due to the sewer system's deteriorated condition and concern about ex-filtration of sewage into the Moccasin reservoir.

Vice President Makras moved, seconded by Commissioner Cook to adopt Items 18, 19, 20, and 21; passed (5-0) unanimously.

18. Resolution No. 00-0201: Award Hetch Hetchy Water and Power Contract No. HH-888, Moccasin Sewer Replacement, in the amount of \$1,373,800 to the lowest responsive and responsible bidder, Proven Management, Inc.
19. Resolution No. 00-0202: Award San Francisco Water Department Contract No. WD-2313, Existing Fence Replacement/Upgrade in Alameda and San Mateo Counties, in the amount of \$367,350 to the lowest and responsible bidder, Acaba Construction.

20. Resolution No. 00-0203: Award Clean Water Program Contract No. CW-174, Howard/Minna/2nd Streets Sewer Replacement, in the amount of \$337,966 to the lowest responsive and responsible bidder, Golden Pacific Construction.
21. Resolution No. 00-0204: Award Clean Water Program Contract No. CW-251, 11th Avenue and 22nd Avenue Sewer Replacement, in the amount of \$329,549 to the lowest responsive and responsible bidder, J. Flores Construction Company, Inc.

Amend

22. Discussion and possible action related to San Francisco Water Department WD-2242R.

Michael Quan explained that this was a modification to the Thomas Shaft Chlorination Project currently under construction. Staff decided that work on Lawrence Livermore could also be included in the Thomas Shaft Project. There is a possible savings of a budget reduction of \$260,000.

Commissioner Cook asked a question regarding temporary fencing vis-à-vis permanent fencing. Mr. Quan said that the Lawrence Livermore work was not scheduled until some future date but that there was a need to secure the area and that permanent fencing would be included when the project was completed. Mr. Quan showed diagrams to the Commission. Commissioner Cook was satisfied that his query had been answered.

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0205: Authorize amendment to San Francisco Water Department Contract No. WD-2242R, Thomas Shaft Chlorination Improvement, in the amount of \$105,541 to provide for changes to the electrical system and structural site work.

Close

23. Discussion and possible action related to Clean Water Program Contract No. CW-116.

Commissioner Caen asked why it takes a year and a half to make the final payment to the contractor. Mr. Quan explained that the contractor was somewhat lax in getting in his paperwork. UEB revised its policy since the start of this

particular project and current projects would show an assessment of liquidated damages for a contractor not submitting his paperwork in a timely fashion.

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0206: Accept work performed for Clean Water Program Contract No. CW-116, 33rd Avenue/Lyon Street/Molimo Drive/Randolph Street-Vernon Street Intersection Sewer Replacement; approve contract modification in the credit amount of \$1,395; authorize final payment to Shaw Pipeline, Inc. in the amount of \$15,876.

CLOSED SESSION

The Commission did not meet in Closed Session. President Normandy stated that there was no need for a Closed Session since there was nothing to report for Items 26 and 28. Item 27 was removed from the agenda, as it was a DPW item.

24. Public comments on matters to be discussed in Closed Session.

There were no public comments.

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation:	As Plaintiff and as Defendant
Property:	500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating:	Lymburn/Thompson/Malamut City of Pleasanton
Under Negotiation:	Terms and Conditions

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Lisa D. Arnold v. CCSF, Superior Court No. 998-715.

28. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

Thereupon, the meeting was adjourned: 3:33 P.M.

Jill R. Thompson
Secretary

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12/00
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San Francisco Public Utilities Commission City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

August 22, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

AUG 21 2000

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Clean Water Program
Water Pollution Control

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Utilities Engineering Bureau
Water Quality

John P. Mullane Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



Disability Access

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San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site <http://www.ci.sf.ca.us/ethics/>.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Introduction of Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a. Presentation regarding logos on vehicle. 3 mins. (Kehoe)
 - b. California Policy Research Center Study. 3 mins. (Mullane)
8. Bay Area Water Users Association (BAWUA) General Manager's Report
 - a. Enhancing Communications.
9. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

10. Discussion and possible action related to Dorothy Bowman, Manager of the Bureau of Personnel and Training. (Mullane)

Staff Recommendation: Adopt a resolution acknowledging Dorothy Bowman for her accomplishments as Manager of the Bureau of Personnel and Training.

LEASES AND PERMITS

11. Discussion and possible action related to the jurisdictional transfer of Public Utilities Commission land located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues. (Continued from the meeting of August 8, 2000.) (Dowd)

Staff Recommendation: Declare the substation parcel property as surplus; request the Director of Property to prepare and submit a legislation to the Board of Supervisors to accommodate the jurisdictional transfer of 2,968 sq. ft. of land owned by the Public Utilities Commission, located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues to the Public Transportation Commission, at historical cost of \$2,166.64 to construct an electrical substation building; adopt the findings under the California Environmental Quality Act (CEQA) for approval of the Light Rail Alternative; and adopt mitigation measures described on the findings.

CONSTRUCTION CONTRACTS

Advertise

12. Discussion and possible action related to San Francisco Water Department Contract No. WD-2215. (Quan)

Staff Recommendation: Approve the final plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for San Francisco Water Department Contract No. WD-2215, 8-Inch Ductile Iron Main Installation in Sacramento Street between Divisadero Street and Gough Street.

13. Discussion and possible action related to San Francisco Water Department Contract No. WD-2358. (Quan)

Staff Recommendation: Approve the final plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for San Francisco Water Department Contract No. WD-2358, Seismic Anchorage of Equipment at Crystal Springs Pump Station, Pulgas Pump Station, and Polhemus Treatment Facility.

14. Discussion and possible action related to Clean Water Program Contract No. CW-282. (Quan)

Staff Recommendation: Approve the final plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for Clean Water Program Contract No. CW-282, Clean Brannan Street Sewer, from Embarcadero to Seventh Street.

Award

15. Discussion and possible action related to Clean Water Program Contract No. CW-240. (Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-240, Bertita Street/Russia Avenue/South Hill Boulevard/Stillings Avenue Sewer Replacement, in the amount of \$514,693 to the lowest responsive and responsible bidder, Harty Pipelines, Inc.

16. Discussion and possible action related to Clean Water Program Contract No. CW-253. (Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-253, Oceanside Water Pollution Control Plant Digester Complex and Gas Holder Coatings Rehabilitation, in the amount of \$282,221 to the sole qualified, responsible and responsive bidder, Jeffco Painting and Coating, Inc.

17. Discussion and possible action related to Clean Water Program Contract No. CW-256.
(Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-256, California Street and 3rd Avenue Sewer Replacement, in the amount of \$201,896, to the lowest qualified, responsible and responsive bidder, J. Flores Construction Company, Inc.

Amend

18. Discussion and possible action related to San Francisco Water Department Contract No. WD-2278. (Quan)

Staff Recommendation: Approve Contract Modification No. 1 to San Francisco Water Department Contract No. WD-2278, Crystal Springs Pipeline No. 2 Section 3 and Sunset Supply Pipeline Cathodic Protection, for a debit amount of \$15,000 for a total contract amount of \$495,000 and extend the term of the contract by 90 calendar days to November 8, 2000.

Close

19. Discussion and possible action related to Clean Water Program Contract No. CW-142.
(Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-142, Southeast Water Pollution Control Plant Security System Improvements; approve Contract Modification No. 2 for a time extension of 45 calendar days; and authorize final payment of \$9,600 to Schram Construction, Inc.

20. Discussion and possible action related to Clean Water Program Contract No. CW-198.
(Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-198, Southeast Water Pollution Control Plant 250 MGD Clean Up – Phase I; and authorize final payment in the amount of \$25,000 to Schram Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

21. Discussion and possible action related to the Program Management Services for SFPUC's Capital Improvement Program. (Quan)

Staff Recommendation: Approve the final professional service agreement (Agreement No. CS-524), with the San Francisco Water Alliance to provide program management services for the SFPUC Capital Improvement Program, for an amount not to exceed \$45,000,000.

Award

22. Discussion and possible action related to Contract No. CS-520, Southeast Cogeneration Facility. (Park)

Staff Recommendation: Award Contract No. CS-520, Southeast Cogeneration Facility, to Sierra Detroit Diesel Allison to design, build, operate, and maintain a 2-megawatt cogeneration facility at the Southeast Water Pollution Control Plant for a total contract amount of \$4,334,282.47.

Amend

23. Discussion and possible action related to Contract No. CS-441, Hetch Hetchy Water Treatment Project. (Quan)

Staff Recommendation: Authorize the Manager of the Utilities Engineering Bureau to execute Amendment No. 4 to Contract No. CS-441, Hetch Hetchy Water Treatment Project, with the San Francisco Water Team increasing the contract amount by \$700,000 and extending the term by 23 months to December 2001.

CLOSED SESSION

24. Public comments on matters to be discussed in Closed Session.
25. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEM:

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation:	As Plaintiff and as Defendant
Property:	500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating:	Lymburn/Malamut City of Pleasanton
Under Negotiation:	Terms and Conditions

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

27. Announcement following Closed Session.
28. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 4th Floor
San Francisco, CA 94103

#41
Main Public Library
Government Information Center
100 Larkin Street, 5th Floor



San Francisco Public Utilities Commission
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

REGULAR MEETING

August 22, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

OCT 18 2000

SAN FRANCISCO
PUBLIC LIBRARY

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:40 P.M.

2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Ann Moller Caen, Commissioner Ashok Bhatt

Commissioner Frank L. Cook arrived at 1:47 P.M.

3. Approval of Minutes

Moved by Commissioner Caen, seconded by Commissioner Makras, to adopt the Minutes of the Regular Meeting of May 23, 2000; passed (4-0) unanimously.

4. Communications

Vice President Makras mentioned that he had received a letter from San Mateo County with respect to the completion of the trail construction within SFPUC watershed. He asked staff to request from Mary Burns, San Mateo's Director of Parks & Recreation, to identify which funds had been approved by July 14, 2000 and which were perceived afterwards. He indicated that San Mateo was kind enough to provide us with the funding mechanism but they did not say whether it was approved or thought out later. As two years have passed, he said it is important to know whether they were successful in obtaining funding.

5. Old/Ongoing Business by Commissioners

President Normandy instructed the Secretary to drop the word "Introduction" from the Old/Ongoing Business title.

Commissioner Caen requested an update on the Citizens Advisory Committee. She also expressed grave concern over the Odor Control Program. She wanted specifically to have dates for the project completion. President Normandy mentioned that he had asked the General Manager to provide updates at the next Commission meeting on the South East Digesters and Odor Control Program as well as the Balboa Reservoir negotiations. He also asked that the update on the CAC be given in context with that of the Mayor's Infrastructure Task Force.

Vice President Makras asked whether a contract modification for time extension was a policy decision or a General Manager's practice. He requested that such items be brought before the Commission because sometimes the time frame is more crucial than just the economics of the project. Doing this will give a check and balance as to time as well as money as we enter the Capital Program. In addition, it will give us a consistent blueprint for all PUC projects.

The General Manager stated that he was not aware of any contracts for time extensions that did not come before the Commission. Vice President Makras explained that often contracts going out for design are changed and broken up into separate parts. Significant changes in money come back but not always for time. The General Manager said he would check with UEB to make sure we were not violating that area.

6. Introduction of New Business by Commissioners

Vice President Makras mentioned about the proposed use of "Round Up" for grass removal at the Harding Park Golf Course. He requested information on how this product would affect groundwater. The Commission on Environment has rated it high, but as large amounts are anticipated being used, he felt it would behoove the PUC to look into the issue with regard to water.

7. Report of the General Manager

John Mullane, General Manager of Public Utilities, requested the continuance of Item 16 to the Call of the Chair.

a. Presentation regarding logos on vehicle.

The General Manager gave a brief slide show on the PUC logo. He stated that the logos had been implemented on all printed materials and that we were about to start implementing the program with the vehicles. We will be starting this as the new vehicles arrive and it will probably take sometime before all the vehicles have the logos, as they will be applied when a vehicle is in the shop for regular maintenance.

b. California Policy Research Center Study.

Mr. Mullane made reference to a letter from Assemblyman Papan to Rich Bodisco of the Mayor's Infrastructure Task Force asking Mr. Bodisco for his assistance in doing an academic study of the PUC by the California Policy Research Center which is an academic think tank located in Berkeley. To date this group has not contacted staff. They were requested to explore governance issues and other matters. This is the first time that the Commission or staff has heard of this but materials requested by them would be available under the Sunshine Ordinance. However, as this group has no official status, Mr. Mullane said he instructed senior staff to refer contacts to his office. He will establish a liaison to coordinate this effort. The General Manager is also requesting an entrance conference with the California Policy Research Center to determine the scope and purpose of the study. He said he would update the Commission as this unfolds.

President Normandy stated that he took some offense at the intimation that the PUC would be less than forthcoming in providing information and found the implication offensive. The General Manager echoed the President's comments.

c. Southeast Plant Solids Handling Project.

Mr. Mullane provided an update on the Southeast Digester Project (Solids Handling Project). The PUC staff conducted a tour of the plant with the Mayor, Commissioner Caen, and President Normandy. The Mayor expressed a desire to accelerate the project and look for sources of funding outside our own budget if possible. A Task Force has been put together which draws on most of the various elements within the PUC and the City's Real Estate Department and the City Attorney's office. Mr. Mullane stated that so far it looks as though we have been able to reduce the timeframe by about 18 months. The SPEAC unit is actively pursuing alternative funding and staff intends to bring it back as an information item at the first meeting in September. Staff would also make a similar presentation to the Mayor and move it along to get the project built.

8. Bay Area Water Users Association (BAWUA) General Manager's Report

Mr. Arthur Jensen, General Manager of the Bay Area Water Users Association, spoke about enhancing communications. The member agencies have boiled down to two issues they want to work on with the Public Utilities Commission: high quality water for residential and commercial customers at a fair price; and protection from severe water shortages. He said they have come up with five statements that represent their thinking as follows:

- ☐ Represent 29 agencies that purchase water from the City and County of San Francisco.
- ☐ Provide water to 1.7 million people plus businesses and institutions in three counties.
- ☐ Work with the Commission to complete \$3 billion worth of capital projects for the water system.
- ☐ Source of reliable data for our members and others, including PUC staff.
- ☐ An advocate for water conservation.

Mr. Jensen reported on the Mayor's Infrastructure Task Force on which he serves. He felt that he was able to be of help to the Commission due to his knowledge and expertise of the system. Most people on the Task Force felt that this was helpful.

He hoped that this Task Force would be of value and that they establish a mission and goal at their next meeting.

BAWUA are also working hard with PUC staff and their members on negotiating a new program on water shortages.

Mr. Jensen stated that he had had individual meetings with members of the Commission to better communicate on issues.

Mr. Jensen noted that BAWUA tours are coming up shortly. These tours have been going on for many years and are informational for the members.

Mr. Jensen passed out to the Commission the BAWUA statement regarding the California Policy Research Center Study. He stated that they had been aware that this study would be forthcoming; they have been contacted and have accepted the invitation to participate. He thought that there might be some insights in that they will look at a variety of possibilities for governance including the current existing one.

In September, Mr. Jensen will be coming to the Commission to discuss in more detail the resolutions the Commission has been receiving from BAWUA members and the critical elements of the Capital Improvement Program.

President Normandy expressed appreciation for Mr. Jensen's remarks and the open communications that now take place. He stated that the Commission had received various letters from BAWUA members and would answer the letters as a group when they were all received. He expressed dismay, however, that the tone of the letters express skepticism as to the PUC's abilities. As Mr. Jensen has expressed enthusiasm for cooperation and setting the record straight, the President was looking to him to do anything he could in this regard. President Normandy stated that it was the PUC who had defined where we are and generated the studies that said what we needed to do, and it is unfortunate that people tend to come aboard at the last minute and berate us for the information we have generated.

Mr. Mullane commented that he found it odd that an outside group had been contacted by the California Policy Research Center while the PUC had not.

Vice President Makras said that we must look at the entire system that has been built over the years and that should be the focus, to make the system better, stronger, and more reliable.

Commissioner Caen agreed with the President and Vice President's remarks. She felt that SFPUC is constantly being battered. Commissioner Cook also agreed. He felt that the lobbying had started for the renegotiating of the contract in 2009. He said we all try to cooperate fully with our neighbor customers but would

appreciate solutions to the problems rather than adding to them. He felt it was unfair criticism of staff and the City as a whole. Commissioner Bhatt agreed with previous speakers.

9. Public Comments

There were no public comments.

10. Discussion and possible action related to Dorothy Bowman, Manager of the Bureau of Personnel and Training.

President Normandy reminded everyone that when Ms. Bowman first came to the Commission there was a huge personnel shortage. Within her first year of tenure, she brought the vacancy rate down to 18% and in her second year down to 8%. By any standard, he said that was an outstanding track record and put the PUC in a position to launch the Capital Improvement Program. He wished her the very best in her new career in the private sector and congratulated her on a job well done for the PUC. President Normandy read the resolution.

Moved by Commissioner Normandy, seconded by Commissioner Makras, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0207: Adopt a resolution acknowledging Dorothy Bowman for her accomplishments as Manager of the Bureau of Personnel and Training.

LEASES AND PERMITS

11. Discussion and possible action related to the jurisdictional transfer of Public Utilities Commission land located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues. (Continued from the meeting of August 8, 2000.)

Staff Recommendation:	Declare the substation parcel property as surplus; request the Director of Property to prepare and submit a legislation to the Board of Supervisors to accommodate the jurisdictional transfer of 2,968 sq. ft. of land owned by the Public Utilities Commission, located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues to the Public Transportation Commission, at historical cost of \$2,166.64 to construct an electrical substation building; adopt the findings under the California Environmental Quality Act (CEQA) for approval of the Light Rail Alternative; and adopt mitigation measures described on the findings.
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Vice President Makras said he would move the item with one amendment that toxic cleanup would be the responsibility of Muni for the entire parcel of land transferred over to them. Currently it only calls for remediation for the parcel on which they build. President Normandy stated that the words "in the event of" were key. Commissioner Caen seconded.

Sue Olive of the Municipal Railway stated that the resolution stated that the PUC would be responsible for any pre-existing conditions and that Muni would be responsible for any hazardous materials removal, construction, and maintenance of the substation. She indicated that Muni could not accept any changes from this without contacting their attorneys. There are serious hazardous wastes at the site and although Muni feels that they are responsible for conditions connected with their project, they did not feel they wanted to be responsible for anything else.

Vice President Makras still felt it was okay to go ahead with the item and thought that Muni could drop it later if they did not feel comfortable. He felt that he was signing a blank check for toxic clean up. Gary Dowd, Director of the Bureau of Commercial Land Management, clarified that the portion of land being carved out and given to Muni, was the area Muni is responsible for; but, if in digging up that portion they find a plume from the larger parcel which is migrating into other areas that must be remedied, then that becomes the responsibility of the PUC. Vice President Makras said he was clear on that as it was a State law.

Mr. Mullane asked whether Vice President Makras was talking about Muni being responsible for just the 3,000 feet or also the additional property remaining under the jurisdiction of the Commission. Vice President Makras said he was silent beyond the 3,000 ft. as it was not prudent to talk about who is responsible beyond that.

President Normandy stated that the third resolve clause from the end should be reviewed by Vice President Makras.

Vice President Makras said he would, in the interest of time, like to discuss this with staff, so he rescinded his motion and moved to continue to the next meeting of the PUC. Commissioner Caen agreed to rescind her second.

Moved by Commissioner Makras, seconded by Commissioner Caen, to continue Item 11 to the next regular Commission meeting scheduled on September 12, 2000; passed (5-0) unanimously.

CONSTRUCTION CONTRACTS

Advertise

12. Discussion and possible action related to San Francisco Water Department Contract No. WD-2215.

Moved by Commissioner Caen, seconded by Commissioner Cook, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0208: Approve the final plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for San Francisco Water Department Contract No. WD-2215, 8-Inch Ductile Iron Main Installation in Sacramento Street between Divisadero Street and Gough Street.

13. Discussion and possible action related to San Francisco Water Department Contract No. WD-2358.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0209: Approve the final plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for San Francisco Water Department Contract No. WD-2358, Seismic Anchorage of Equipment at Crystal Springs Pump Station, Pulgas Pump Station, and Polhemus Treatment Facility.

14. Discussion and possible action related to Clean Water Program Contract No. CW-282.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0210: Approve the final plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for Clean Water Program Contract No. CW-282, Clean Brannan Street Sewer, from Embarcadero to Seventh Street.

Award

15. Discussion and possible action related to Clean Water Program Contract No. CW-240.

Moved by Commissioner Caen, seconded by Commissioner Cook, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0211: Award Clean Water Program Contract No. CW-240, Bertita Street/Russia Avenue/South Hill Boulevard/Stillings Avenue Sewer Replacement, in the amount of \$514,693 to the lowest responsive and responsible bidder, Harty Pipelines, Inc.

16. Discussion and possible action related to Clean Water Program Contract No. CW-253.

Staff Recommendation: Award Clean Water Program Contract No. CW-253, Oceanside Water Pollution Control Plant Digester Complex and Gas Holder Coatings Rehabilitation, in the amount of \$282,221 to the sole qualified, responsible and responsive bidder, Jeffco Painting and Coating, Inc.

Moved by President Normandy, seconded by Commissioner Makras, to continue Item 16 to the call of the Chair; passed (5-0) unanimously.

17. Discussion and possible action related to Clean Water Program Contract No. CW-256.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0212: Award Clean Water Program Contract No. CW-256, California Street and 3rd Avenue Sewer Replacement, in the amount of \$201,896, to the lowest qualified, responsible and responsive bidder, J. Flores Construction Company, Inc.

Amend

18. Discussion and possible action related to San Francisco Water Department Contract No. WD-2278.

Moved by Commissioner Caen, seconded by Commissioner Cook, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0213: Approve Contract Modification No. 1 to San Francisco Water Department Contract No. WD-2278, Crystal Springs Pipeline No. 2 Section 3 and Sunset Supply Pipeline Cathodic Protection, for a debit amount of

\$15,000 for a total contract amount of \$495,000 and extend the term of the contract by 90 calendar days to November 8, 2000.

Close

19. Discussion and possible action related to Clean Water Program Contract No. CW-142.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0214: Accept work performed for Clean Water Program Contract No. CW-142, Southeast Water Pollution Control Plant Security System Improvements; approve Contract Modification No. 2 for a time extension of 45 calendar days; and authorize final payment of \$9,600 to Schram Construction, Inc.

20. Discussion and possible action related to Clean Water Program Contract No. CW-198.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0215: Accept work performed for Clean Water Program Contract No. CW-198, Southeast Water Pollution Control Plant 250 MGD Clean Up – Phase I; and authorize final payment in the amount of \$25,000 to Schram Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

21. Discussion and possible action related to the Program Management Services for SFPUC's Capital Improvement Program.

President Normandy recused himself for Item 21. Vice President Makras chaired.

Public Comments:

David Navagrodsky of Local 21 stated that the Commission had a letter from the Union on this issue so he would try not to repeat himself. He said it was his opinion that very little work was being done in the Utilities Engineering Bureau at the moment. Furniture was being brought in for Bechtel and their associates but not much work is being done. He felt that the Program Management package included work that was ongoing and was just work that had been bundled together.

He felt that the General Manager's position should be filled quickly. The State Audit was correct but that strong management was needed before bringing in an outside contractor.

Jim Buker also of Local 21 urged consideration of the conflict of interest aspect as the contract is currently written. He felt that an additional contract for peer review services might be advisable. This would address Board concerns and have the review under the auspices of the Controller. He applauded the Commission for including training and staff development in the contract but did not think it wise to have the consultant fully responsible for work that would ultimately put them out of a job. Another contract on this aspect might be advisable. He stressed the concern of the membership that the consultants be temporary and highly specialized to augment the skills of the organization.

Walter Johnson, San Francisco Labor Council, stated that he agreed with David Navagrodsky's remarks. He reiterated the need for a strong in-house manager. He felt that it was a form of privatization, and he had strong feelings on this. He felt reconsideration was necessary and attention be paid to the report of the Budget Analyst.

Chris Daly, representing the Coalition of Community Neighborhood Organizations and Human Rights Equal Benefits advocate, felt concerned about the contract going to Bechtel because of their lack of domestic partner benefits, poor environmental record, employment history, and activities in Bolivia. He was also concerned about cost overruns at the Big Dig in Boston and the Budget Analyst's report.

Jim Jefferson, representing the San Francisco Water Alliance (SFWA), stated that the process had been long and protracted but that the benefits of the length of the process had been that the SFWA and the staff got to know each other better. He felt that the SFWA was responsive, pro-active, and cooperative. SFWA has been forthright and responded to all issues. The real issue of securing the City's water supply seems to be lost. Controls are in the process and they expect to be managed. Mr. Jefferson pointed out the need to move the process forward.

Olivia Chen spoke in support of the project. She felt that this was a world-class team and it was important to get to work on a world-class water system.

Ismael Pugeda, President of Cooper Pugeda Management, Inc., spoke in support of the project. A minority consultant as part of the SFWA, he echoed the thoughts of Jim Jefferson and urged passage of the resolution.

Beth Goldstein, as part of SFWA, spoke in support of the item.

Art Jensen of the Bay Area Water Users Association agreed with Mr. Jefferson to get the project started and urged passage of the resolution.

Commissioner Caen stated that she wanted to applaud the direction given by the Budget Analyst Mr. Harvey Rose and the Board of Supervisors Finance Committee. She said putting in performance measures and annual review by the Board was excellent points. She urged the Commission to move forward with this project.

Moved by Commissioner Makras, seconded by Commissioner Cook, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0216: Approve the final professional service agreement (Agreement No. CS-524), with the San Francisco Water Alliance to provide program management services for the SFPUC Capital Improvement Program, for an amount not to exceed \$45,000,000.

Award

22. Discussion and possible action related to Contract No. CS-520, Southeast Cogeneration Facility.

David Henzl of Hetch Hetchy Water & Power spoke to the item. Vice President Makras asked, what the cost would be if we did not take the 5-year operations and just wanted the plant. Mr. Henzl thought it would increase by approximately one cent per kilowatt-hour. Vice President Makras stated that the first five years has the lowest operating and maintenance (O&M) cost. He asked why would we transfer this to a third party. Mr. Henzl stated that we wanted to transfer all the O&M risks to the contractor. Ms. Laurie Park, Acting General Manager of Hetch Hetchy Water & Power, stated that with this particular plant we were using digester gas and although it has been used successfully for years, it is uncertain in some areas and plants of this type tend to have problems in the first three to five years of their operation. This particular firm has extensive experience not only in design and construction but also in operating many plants throughout the United States. It is better to have them take on the O & M risk during the first five years.

Vice President Makras also noted that in the operating agreement there was a \$3,100 per day pro rata hourly penalty if they do not produce. Mr. Henzl explained that was a liquidated damage if they fail to meet their availability guarantee. Vice President Makras asked what would happen if the State asks the City to turn off power and what would we have to pay for power. Ms. Park explained that the operating hours are determined by SFPUC. This particular developer, because of competence and expertise in this area, has guaranteed a very high operating load factor. They are going to be operating a minimum of 95% of the operable hours of the year, which is very high. SFPUC would only allow them to shut down for maintenance when we can purchase power at a reasonable cost elsewhere. Commissioner Makras was concerned that they could turn us off when the power

drops low and sell to someone else. Ms. Park stated that they are not authorized to sell power to any other party. The total output is dedicated to support the load at the Southeast Treatment Plant.

Vice President Makras stated that although he liked the project he felt it had not been demonstrated that it was in the PUC's best interest to do this on the O & M portion. If we approve this, then staff should give us a turnkey on O & M on everything we do. He suggested looking at every project in this fashion and pointed out the need to focus on our capital projects and perhaps not venture into rather unknown waters.

President Normandy asked that this be continued to the next scheduled meeting. Ms. Park stated that there were two contracts before the Commission – one for design and build and the other is for operation & maintenance.

Commissioner Cook stated that this was the beginning of privatization and he was concerned about going along this road.

Moved by President Normandy, seconded by Commissioner Caen, to continue Item 22 to the next regular meeting scheduled on September 12, 2000; passed (5-0) unanimously.

Staff Recommendation: Award Contract No. CS-520, Southeast Cogeneration Facility, to Sierra Detroit Diesel Allison to design, build, operate, and maintain a 2-megawatt cogeneration facility at the Southeast Water Pollution Control Plant for a total contract amount of \$4,334,282.47.

Amend

23. Discussion and possible action related to Contract No. CS-441, Hetch Hetchy Water Treatment Project.

Patty Mallet spoke to the item. President Normandy asked the General Manager if this was truly an extension of the amount and the term or was it part of the ongoing process approved by the Commission a couple of years ago. Mr. Mullane explained that it was an extension of time and cost but that it was a phased-in approach approved by previous Commissions and various members of the current Commission probably approved the decision.

Vice President Makras moved the item, as he felt it had been approved originally, and it was not a candidate for the Program Management contract. We were maximizing in-house staff, and it is important to keep the project on track.

Commissioner Cook had some reservations regarding a seven-year ongoing relationship with this contractor. He asked what was the next phase after funding

finishes in year 2002. Ms. Mallet said that as UEB and DPW would be doing the construction, this would terminate the San Francisco Water Team's involvement in the project. Commissioner Cook said that if it was going to be continued any further, it should be put out to bid.

Mr. Art Jensen explained the importance of the project to BAWUA agencies that also have permits with the Department of Health Services and contend with the same deadline. If the City is unable to meet the deadline, everyone receives compliance orders.

Moved by Commissioner Makras, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-1) unanimously.

Resolution No. 00-0217: Authorize the Manager of the Utilities Engineering Bureau to execute Amendment No. 4 to Contract No. CS-441, Hetch Hetchy Water Treatment Project, with the San Francisco Water Team increasing the contract amount by \$700,000 and extending the term by 23 months to December 2001.

CLOSED SESSION

24. Public comments on matters to be discussed in Closed Session.

There were none.

25. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to assert the attorney-client privilege; passed (5-0) unanimously.

At 3:08 P.M., the meeting recessed.

At 3:20 P.M., the Commission went into Closed Session to discuss the following:

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation:	As Plaintiff and as Defendant
Property:	500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating:	Lymburn/Malamut City of Pleasanton
Under Negotiation:	Terms and Conditions

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Acting Utilities General Counsel Donn Furman, Commission Secretary Jill R. Thompson, Mayor's Office of Economic Development Director Emilio Cruz, Deputy City Attorneys John Malamut and Charles Sullivan.

Following the Closed Session, the Public Utilities Commission reconvened in open session at 3:37 p.m.

27. Announcement following Closed Session.

President Normandy announced that no action was taken during Closed Session.

28. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

Thereupon, the meeting was adjourned: 3:39 P.M.

Jill R. Thompson
Secretary



San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

September 12, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

9/12/00
DOCUMENTS DEPT.

SEP 11 2000

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-5163; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site <http://www.ci.sf.ca.us/ethics/>.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a. Update on the Calfed Process – Carlin (5 mins.)
 - b. Update on the South East Solids Handling Project (Digesters) – Carlin (7 mins.)
 - c. Hetch Hetchy Business Development Update – Park (5 mins.)
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

LEASES AND PERMITS

9. Discussion and possible action related to the jurisdictional transfer of Public Utilities Commission land located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues. (Continued from the meeting of August 22, 2000. Proposed for continuance to unspecified date.) (Dowd)

Staff Recommendation: Declare the substation parcel property as surplus; request the Director of Property to prepare and submit a legislation to the Board of Supervisors to accommodate the jurisdictional transfer of 2,968 sq. ft. of land owned by the Public Utilities Commission, located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues to the Public Transportation Commission, at historical cost of \$2,166.64 to construct an electrical substation building; adopt the findings under the California Environmental Quality Act (CEQA) for approval of the Light Rail Alternative; and adopt mitigation measures described on the findings.

10. Discussion and possible action related to the San Joaquin Pipeline No. 3 Repair Project. (Park)

Staff Recommendation: Approve an additional \$1,750,000 for emergency work to detect and repair corrosion in San Joaquin Pipeline No. 3 in the Hetch Hetchy Aqueduct; and request the Board of Supervisors to approve the increased expenditure of funds.

CONSTRUCTION CONTRACTS

Advertise

11. Discussion and possible action related to San Francisco Water Department Contract No. WD-2354. (Quan)

Staff Recommendation: Approve the final plans and specifications; and authorize bid call for San Francisco Water Department No. WD-2354, San Pedro Valve Lot Improvements.

Award

12. Discussion and possible action related to San Francisco Water Department Contract No. WD-2286. (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2286, 8-Inch Ductile Iron Main Installation in Leavenworth Street from Broadway to Vallejo Street and from Green Street to Chestnut Street, in the amount of \$397,835 to the lowest qualified, responsible and responsive bidder, JMB Construction.

13. Discussion and possible action related to San Francisco Water Department Contract No. WD-2331. (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2331, Sutro Reservoir Erosion Control, in the amount of \$1,623,069 to the lowest qualified, responsible, and responsive bidder, Mitchell Engineering.

Close

14. Discussion and possible action related to San Francisco Water Department Contract No. WD-2216. (Quan)

Staff Recommendation: Accept work performed under San Francisco Water Department Contract No. WD-2216, 8-Inch Ductile Iron Main Installation in 24th Street between Potrero Avenue and Vermont Street, and in 25th Street between Mission and Harrison Streets; approve Contract Modification No. 2 in the credit amount of \$29,029; and authorize final payment of \$5,000 to E. Mitchell, Inc.

15. Discussion and possible action related to Clean Water Program Contract No. CW-105. (Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-105, Broderick/Fell/Sutter Streets Sewer Replacement; approve Contract Modification No. 1 in the debit amount of \$11,322.80 for a total contract amount of \$309,322.80 and time extension of 63 calendar days; and authorize final payment of \$78,659.80 to K. J. Woods Construction, Inc.

16. Discussion and possible action related to Clean Water Program Contract No. CW-119.
(Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-119, Day/Congo/Marston/Cuvier Sewer Replacement; approve Contract Modification No. 1 in the credit amount of \$7,610 for a total contract amount of \$396,830; and authorize final payment of \$17,927 to Shaw Pipeline.

17. Discussion and possible action related to Clean Water Program Contract No. CW-157.
(Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-157, Everglade/Victoria/Revere/Bridgeview Sewer Replacement; approve Contract Modification No. 1 in the credit amount of \$145 for a total contract amount of \$384,925; approve a time extension of 69 calendar days; and authorize final payment of \$28,737 to Harty Pipelines, Inc.

18. Discussion and possible action related to Clean Water Program Contract No. CW-161.
(Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-161, 5th/21st Avenues and California Street Sewer Replacement; approve Contract Modification No. 1 in the debit amount of \$80,350 for a total contract amount of \$408,350 and time extension of 239 calendar days; and authorize final payment of \$105,438 to K.J. Woods Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

19. Discussion and possible action related to Contract No. CS-520 (Design and Construction of a Cogeneration Facility at the Southeast Water Pollution Control Plant). (Park)

Staff Recommendation: Award a design-build contract to Sierra Detroit Diesel Allison to design and build a cogeneration plant at the Southeast Water Pollution Control Plant for \$3,181,742.

20. Discussion and possible action related to Contract No. CS-520 (Operation and Maintenance of a Cogeneration Facility at the Southeast Water Pollution Control Plant). (Park)

Staff Recommendation: Award a contract to Sierra Detroit Diesel Allison to operate and maintain a cogeneration plant at the Southeast Water Pollution Control Plant for a period of up to five years following Commercial Operation for \$1,157,540.

Amend

21. Discussion and possible action related to Contract CS-525, Specialized Engineering Services. (dela Cruz)

Staff Recommendation: Authorize the Utilities Engineering Bureau Manager to execute Amendment No. 1 to Contract No. CS-525, Specialized Engineering Services, amending the original list of tasks authorized by the PUC.

CLOSED SESSION

22. Public comments on matters to be discussed in Closed Session.
23. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation:	As Plaintiff and as Defendant
Property:	500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating:	Lymburn/Malamut City of Pleasanton
Under Negotiation:	Terms and Conditions

25. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property:	Balboa Reservoir Property at Phelan and Ocean Avenue
Parties Negotiating:	CCSF – Dowd/Kubick San Francisco City College
Under Negotiation:	Price and Terms

26. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position:	General Manager, Public Utilities
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FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

27. Announcement following Closed Session.

28. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 4th Floor
San Francisco, CA 94103

#41
Main Public Library
Government Information Center
100 Larkin Street, 5th Floor



San Francisco Public Utilities Commission
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

REGULAR MEETING

September 12, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

DOCUMENTS DEPT.

OCT 18 2000

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DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:40 P.M.
2. Roll Call: Present - President E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Ann Moller Caen

Commissioner Ashok Bhatt arrived at 1:45 P.M.

Excused - Vice President Victor G. Makras

3. Approval of Minutes

Moved by Commissioner Caen, seconded by Commissioner Cook, to adopt the Minutes of the Regular Meeting of June 27, 2000 and July 11, 2000; passed (4-0) unanimously.

4. Communications

No action was taken.

5. Old/Ongoing Business by Commissioners

There was no discussion.

6. Introduction of New Business by Commissioners

Commissioner Caen requested staff to calendar the Year-end Financial Reports and the Grand Jury Report at the next meeting for discussion purposes. Commissioner Cook also requested a discussion about overtime.

President Normandy directed staff to recommend a policy regarding public access to the Sunol Temple that is somewhat similar to the policy at Pulgas Temple. He would like this as soon as possible.

President Normandy requested staff to report to the Commission at the next meeting regarding staff interaction with the Mayor's Infrastructure Task Force.

President Normandy directed staff to report to the Commission concerning fleet car maintenance as soon as conveniently possible.

President Normandy requested staff to respond to the California Policy Research Center indicating that while this Commission is subject to all Sunshine Laws, all documents are available to the Research Center; but he felt that the Commission is overly burdened and if we are to get on with business, then we should

respectfully decline active participation by staff. Commissioners Cook, Caen, and Bhatt concurred. Commissioner Caen stated that she also would like to find out the true nature of the inquiry.

7. Report of the General Manager

John P. Mullane, Jr., General Manager of Public Utilities suggested continuance of Item 20 to the call of the Chair as requested by Commissioner Makras.

Mr. Mullane reported on the event last Saturday honoring not only the beauty of the restored Sunol Water Temple but also the work of President Normandy and numerous individuals in the Utilities Engineering Bureau and Water Supply and Treatment Division. Paula Kehoe spearheaded the festivities. Mayor Brown attended the event. Mr. Mullane congratulated everyone who made the event possible.

Mr. Mullane reported that SFPUC sent the six-month update to the State Auditor on the Audit of the PUC.

With regard to the Grand Jury Report, Mr. Mullane noted that staff is working to respond to the Grand Jury within 60 days. He said the most contentious issue was overtime. Supervisor Ammiano is scheduling a hearing before the Finance Committee for select department heads concerning overtime. The Mayor's Office is looking at current year's usage and will ask us to respond to various questions on how we plan to stay within our boundaries this year. The Controller is generating data on the issue. SFPUC is doing an internal audit through our Finance Bureau to crunch numbers and look at current practices to see if modification of operations could be done and make recommendations.

a. Update on the CalFed Process.

Michael Carlin, Manager of the Bureau of Strategic and Systems Planning, provided an update on the CalFed process. CALFED is a consortium of Federal and State agencies brought together over the past several years to address California water needs. The SFPUC have been a participant since its inception. So far, an environmental document has been issued and a Record of Decision signed by the Governor and the Secretary of the Interior, which lays out a number of actions to take place over the next seven years. Some will require legislation and some will require funding. There is now a blue print out there.

Mr. Carlin talked about San Francisco's interests in protecting the Tuolumne and local watershed eco systems; diversifying our water portfolio, maintaining high quality water supply, and promoting water conservation and making sure that these are all taken into consideration.

Mr. Carlin noted that CALFED process has given SFPUC access to the water transfer market. This is extremely important in a drought, as our existing system does not meet our needs. There is a call in the Record Decision for water use efficiencies to fund water conservation at the local and regional level. Proposition 13 recently passed by the State of California has such monies in it and we will pursue this. Federal and State monies are also earmarked for recycled water plants. We have done much planning on this both in-city and in the service area and we will bring these back to the Commission so that we can apply for funds to construct projects. Funds of \$4 million have already been secured for ecosystem restoration on the Tuolumne River, in partnership with Modesto and Turlock Irrigation Districts. It is being looked at closely as a model for much of Northern California river systems. Money is also available for watershed protection. There is talk about buying land for inclusion in watershed.

Mr. Carlin discussed the Bay Area interests involving additional sources of water, inter-system transfers, and regional water recycling. SFPUC's dry year supply is not sufficient to carry us through a historical drought. He talked about the Bay Area districts having different supplies and different qualities of water and how they can all get together to serve respective future needs. There will be a meeting on September 20, 2000 to talk about regional solutions that President Normandy is scheduled to attend. Regional recycling is also of interest as to how it can help the overall water picture.

Infrastructure funding has to be addressed whether at the Federal or State level and whether there are participants willing to sign on with San Francisco to build facilities that will fulfill the future water needs of the Bay Area.

b. Update on the South East Solids Handling Project (Digesters)

Mr. Carlin gave a presentation on the status of the Southeast Solids Handling Project using electronic slides. He acknowledged Bill Keaney and Jon Loiacono who played integral roles on the project.

Mr. Carlin noted that the project is necessary since the existing digesters are about 50 years old. They are starting to fail and costly to operate. They are also the source of odors emanating into the Community.

Mr. Carlin showed slides of the different sites being considered to build the digesters. The intent was to move the digester facility further away from residences but closer to the treatment plant. Tucking the digesters in with existing infrastructure was one of the alternative solutions. They are also looking at remote sites but it could affect operation and maintenance costs.

As to the project schedule, Mr. Carlin reported that the environmental review would be issued in mid-October. Staff would then ask Commission's approval

to issue a Request for Proposal for a design contract. The schedule had been cut a year off the original time frame due to good work by the Engineering staff.

The estimated cost of the project is around \$240 million. Financing options would need to be discussed once the environmental document is out and when we have a better idea of the design contract. There is not enough money in hand to complete the entire design and there is definitely no money for construction.

Commissioner Caen asked what was the completion date. Mr. Carlin said about 2004.

c. Hetch Hetchy Business Development

Laurie Park, Acting General Manager of Hetch Hetchy Water & Power, spoke to the item. There has been a lot of correspondence lately on electric emergencies in California. After the December 1998 outage, we became very aware about how precarious the City's situation in particular was. Hetchy is unique in that we have our own power supply and market share. We are strategizing how to merge our activities; i.e. how to keep the power flowing in San Francisco and at the same time mitigate the adverse impacts on Hetchy given the price volatility in the market. The basic answer that emerged was to build generation. No one wants it in their back yard, but the reality is that San Francisco needs it. Our transmission system is insufficient to support our entire load especially given the rapid rate of growth. We have initiated discussions with a number of power developers who are interested in siting power plants in San Francisco and on the Peninsula. We have been talking to a lot of independent developers about opportunities. There has been a proposal to build a plant at the Airport. They are also talking to the parent company of San Francisco Thermal who operates the steam heat in the downtown/Civic Center area. They are looking at sites on the Civic Center Loop, thus addressing an environmental justice issue putting the plant where the demand is highest and having a direct connection to facilities like City Hall. They will be bringing a proposal to the Commission in a couple of months.

Ms. Park noted that the Muni Third Street Light Rail Project is working with SFPUC about dropping conduit into Third Street. Staff had talked to ConAgra Foods in Oakdale about tapping in the system and it could help with price mitigation.

In regard to the Demand Reduction Program, the City is anticipating \$5 million in revenue and thinking of doubling the program. We are also gearing up to do an aggressive energy efficiency program and this catapulted us to address reliable power on issues of public health and safety. We have been

on the verge of Stage 3 rolling black outs a number of days. We are looking at possible use of solar on traffic signals. Also BART and MUNI being assured of reliable power. Lots of people are coming to see us with innovative offers. Wind turbines on watershed lands between San Antonio and Calaveras reservoirs are ideas being thought about.

Commissioner Makras stated that in light of the problems experienced by San Diego, he requested staff to investigate risk management products and services and bring the information to the Commission for a policy decision.

President Normandy commended Ms. Park and her staff on the work they are doing.

Mr. Mullane reported that CBS News aired a news story in connection with the Napa Earthquake and SFPUC infrastructure. A videotape of the story was played.

8. Public Comments

There were no public comments.

LEASES AND PERMITS

9. Discussion and possible action related to the jurisdictional transfer of Public Utilities Commission land located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues. (Continued from the meeting of August 22, 2000. Proposed for continuance to unspecified date.)

Staff Recommendation: Declare the substation parcel property as surplus; request the Director of Property to prepare and submit a legislation to the Board of Supervisors to accommodate the jurisdictional transfer of 2,968 sq. ft. of land owned by the Public Utilities Commission, located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues to the Public Transportation Commission, at historical cost of \$2,166.64 to construct an electrical substation building; adopt the findings' under the California Environmental Quality Act (CEQA) for approval of the Light Rail Alternative; and adopt mitigation measures described on the findings.

Item 9 was continued to unspecified date.

REGULAR

10. Discussion and possible action related to the San Joaquin Pipeline No. 3 Repair Project.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0218: Approve an additional \$1,750,000 for emergency work to detect and repair corrosion in San Joaquin Pipeline No. 3 in the Hetch Hetchy Aqueduct; and request the Board of Supervisors to approve the increased expenditure of funds.

CONSTRUCTION CONTRACTS

Advertise

11. Discussion and possible action related to San Francisco Water Department Contract No. WD-2354.

Moved by Commissioner Caen, seconded by Commissioner Cook to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0219: Approve the final plans and specifications; and authorize bid call for San Francisco Water Department No. WD-2354, San Pedro Valve Lot Improvements.

Award

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt Items 12 and 13; passed (4-0) unanimously.

12. Resolution No. 00-0220: Award San Francisco Water Department Contract No. WD-2286, 8-Inch Ductile Iron Main Installation in Leavenworth Street from Broadway to Vallejo Street and from Green Street to Chestnut Street, in the amount of \$397,835 to the lowest qualified, responsible and responsive bidder, JMB Construction.
13. Resolution No. 00-0221: Award San Francisco Water Department Contract No. WD-2331, Sutro Reservoir Erosion Control, in the amount of \$1,623,069 to the lowest qualified, responsible, and responsive bidder, Mitchell Engineering.

Close

14. Discussion and possible action related to San Francisco Water Department Contract No. WD-2216.

Moved by Commissioner Cook, seconded by Commissioner Caen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0222: Accept work performed under San Francisco Water Department Contract No. WD-2216, 8-Inch Ductile Iron Main Installation in 24th Street between Potrero Avenue and Vermont Street, and in 25th Street between Mission and Harrison Streets; approve Contract Modification No. 2 in the credit amount of \$29,029; and authorize final payment of \$5,000 to E. Mitchell, Inc.

15. Discussion and possible action related to Clean Water Program Contract No. CW-105.

Michael Quan, Utilities Engineering Bureau Manager, noted that the contractor exceeded the MBE subcontracting goals in this contract.

Moved by Commissioner Bhatt, seconded by Commissioner Caen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0223: Accept work performed for Clean Water Program Contract No. CW-105, Broderick/Fell/Sutter Streets Sewer Replacement; approve Contract Modification No. 1 in the debit amount of \$11,322.80 for a total contract amount of \$309,322.80 and time extension of 63 calendar days; and authorize final payment of \$78,659.80 to K. J. Woods Construction, Inc.

Moved by Commissioner Caen, seconded by Commissioner Bhatt, to adopt Items 16 and 17; passed (4-0) unanimously.

16. Resolution No. 00-0224: Accept work performed for Clean Water Program Contract No. CW-119, Day/Congo/Marston/Cuvier Sewer Replacement; approve Contract Modification No. 1 in the credit amount of \$7,610 for a total contract amount of \$396,830; and authorize final payment of \$17,927 to Shaw Pipeline.

17. Resolution No. 00-0225: Accept work performed for Clean Water Program Contract No. CW-157, Everglade/Victoria/Revere/Bridgeview Sewer Replacement; approve Contract Modification No. 1 in the credit amount of \$145 for a total contract amount of \$384,925; approve a time extension of 69 calendar days; and authorize final payment of \$28,737 to Harty Pipelines, Inc.
18. Discussion and possible action related to Clean Water Program Contract No. CW-161.

The contractor, K. J. Woods, did not meet the subcontracting goals. The overage for MBE contracting goals for CW-105 (Item 15) was applied to cover the deficiency for this contract.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-0) unanimously.

- Resolution No. 00-0226: Accept work performed for Clean Water Program Contract No. CW-161, 5th/21st Avenues and California Street Sewer Replacement; approve Contract Modification No. 1 in the debit amount of \$80,350 for a total contract amount of \$408,350 and time extension of 239 calendar days; and authorize final payment of \$105,438 to K.J. Woods Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

19. Discussion and possible action related to Contract No. CS-520 (Design and Construction of a Cogeneration Facility at the Southeast Water Pollution Control Plant).

Mr. Mullane stated that Commissioner Makras advised that he had no problems with this contract, but that he had concerns about the operations and maintenance contract related to this item.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-0) unanimously.

- Resolution No. 00-0227: Award a design-build contract to Sierra Detroit Diesel Allison to design and build a cogeneration plant at the Southeast Water Pollution Control Plant for \$3,181,742.

20. Discussion and possible action related to Contract No. CS-520 (Operation and Maintenance of a Cogeneration Facility at the Southeast Water Pollution Control Plant).

Staff Recommendation: Award a contract to Sierra Detroit Diesel Allison to operate and maintain a cogeneration plant at the Southeast Water Pollution Control Plant for a period of up to five years following Commercial Operation for \$1,157,540.

Item 20 was continued to the next meeting.

Amend

21. Discussion and possible action related to Contract CS-525, Specialized Engineering Services.

Moved by Commissioner Caen, seconded by Commissioner Bhatt, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0228: Authorize the Utilities Engineering Bureau Manager to execute Amendment No. 1 to Contract No. CS-525, Specialized Engineering Services, amending the original list of tasks authorized by the PUC.

CLOSED SESSION

22. Public comments on matters to be discussed in Closed Session.

There was none.

23. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 2:55 P.M. to discuss the following matters:

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation: As Plaintiff and as Defendant
Property: 500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating: Lymburn/Malamut
City of Pleasanton
Under Negotiation: Terms and Conditions

Present were President Normandy, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Bernal Project Consultant Bruce Lymburn, Deputy City Attorney John Malamut, and Mayor's Office of Economic Development Director Emilio Cruz.

No action was taken.

25. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property: Balboa Reservoir Property at Phelan and Ocean Avenue
Parties Negotiating: CCSF – Dowd/Kubick
San Francisco City College
Under Negotiation: Price and Terms

Present were President Normandy, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Bureau of Commercial Land Management Director Gary Dowd, Utilities Engineering Bureau Project Manager Karen Kubick, and City Distribution Division staff Howard Fung.

No action was taken.

26. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

Present were President Normandy, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, and Bureau of Personnel & Training Acting Manager Therese Madden.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 3:15 P.M.

27. Announcement following Closed Session.

President Normandy announced that there were no actions taken during Closed Session.

28. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 3:16 P.M.

Jill R. Thompson
Secretary



San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

SPECIAL MEETING

September 19, 2000
1:00 P.M.

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



Disability Access

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Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-5163; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

CLOSED SESSION

4. Public comments on matters to be discussed in Closed Session.

5. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

6. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation:	As Defendant
Property:	Portions of Parcel 65 in Sunol, Alameda County, Mining Lease under Alameda County Surface Mining Permit 32.
Parties Negotiating:	CCSF – Dowd/Milstein
	Lessee – Mission Valley Rock
Under Negotiation:	Price and Terms

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

7. Announcement following Closed Session.
8. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 4th Floor
San Francisco, CA 94103

#41
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Government Information Center
100 Larkin Street, 5th Floor



San Francisco Public Utilities Commission

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

SPECIAL MEETING

September 19, 2000
1:00 P.M.
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

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Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Lorna T. Navarro
ACTING SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:06 P.M.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Frank L. Cook, Commissioner Ann Moller Caen

Commissioner Ashok Bhatt arrived at 1:50 P.M.

3. Public Comments

There were no public comments.

CLOSED SESSION

4. Public comments on matters to be discussed in Closed Session.

There were no comments.

5. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Cook, seconded by Commissioner Makras, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 1:08 P.M. to discuss the following item:

6. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation: As Defendant
Property: Portions of Parcel 65 in Sunol, Alameda County, Mining Lease under Alameda County Surface Mining Permit 32.
Parties Negotiating: CCSF – Dowd/Milstein
Lessee – Mission Valley Rock
Under Negotiation: Price and Terms

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Deputy City Attorney Joshua Milstein, Deputy City Attorney Charles Sullivan, Acting Commission Secretary

Lorna Navarro, Water Supply Treatment Division Manager Cheryl Davis, and Land and Resources Manager Joseph Naras.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 2:13 P.M. Commissioner Cook was excused.

7. Announcement following Closed Session.

President Normandy announced that no action was taken.

8. Motion regarding whether to disclose the discussions during Closed Session.

Commissioner Makras moved, Commissioner Bhatt seconded not to disclose the discussion during Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 2:14 P.M.

Lorna T. Navarro
Acting Secretary



San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

September 26, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

SEP 25 2000

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COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

DEPARTMENTS

Water Department
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Hetch Hetchy Water & Power
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Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a. Shortage Allocation - 5 mins. (Carlin)
 - b. CIP 2000 Update - 5 mins. (Carlin)
 - c. CALFED Update - 3 mins. (Mullane)
 - d. Mayor's Task Force on PUC Infrastructure - 5 mins. (Berry)
 - e. Financial Year-End Reports - 5 mins. (Berry)
8. Bay Area Water Users Association (BAWUA) General Manager's Report
 - a. BAWUA/SFPUC: Progress, Recommendations, and Significant Near-Term Milestones.
9. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

10. Discussion and possible action related to the Alameda Watershed Management Plan. (Naras)

Staff Recommendation: Adopt the Alameda Watershed Management Plan, including the required findings and mitigation/monitoring plan with respect to the final Environmental Impact Report.

11. Discussion and possible action related to the SFPUC Commercial Paper Program. (Berry)

Staff Recommendation: Increase the size of the SFPUC Commercial Paper Program from \$150 million to \$250 million.

12. Discussion and possible action related to filtration avoidance. (Leonard)

Staff Recommendation: Affirm SFPUC practices and policy to take all actions necessary to maintain the "filtration avoidance" status for the Hetch Hetchy system.

13. Discussion and possible action related to the Microbial/Disinfection Byproducts Agreement. (Leonard)

Staff Recommendation: Concurs with the SFPUC General Manager's determination to communicate the City's support for the negotiated rule framework of the Federal Advisory Act Committee resulting from the Microbial/Disinfection Byproduct FACA Stage 2 M-DBP Agreement in Principle.

14. Discussion related to the proposed legislation providing for appropriation to the Public Utilities Commission of a portion of surplus Hetch Hetchy revenues transferred to the General Fund. (Berry)

Staff Recommendation: For information only.

LEASES AND PERMITS

15. Discussion and possible action related to a lease with Mission Valley Rock Company. (Mullane)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with Mission Valley Rock Company, for approximately 242 acres of PUC land located on a portion of Parcel 65 of Alameda County lands in Sunol, California, for the operation and maintenance of a sand and gravel quarry.

16. Discussion and possible action related to the jurisdictional transfer of Public Utilities Commission land located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues. (Continued from the meeting of September 12, 2000.) (Dowd)

Staff Recommendation: Declare the substation parcel property as surplus; request the Director of Property to prepare and submit a legislation to the Board of Supervisors to accommodate the jurisdictional transfer of 2,968 sq. ft. of land owned by the Public Utilities Commission, located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues to the Public Transportation Commission, at historical cost of \$2,166.64 to construct an electrical substation building; adopt the findings under the California Environmental Quality Act (CEQA) for approval of the Light Rail Alternative; and adopt mitigation measures described on the findings.

CONSTRUCTION CONTRACTS

Award

17. Discussion and possible action related to Clean Water Program Contract No. CW-253.
(Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-253, Oceanside Water Pollution Control Plant Digester Complex and Gas Holder Coatings Rehabilitation in the amount of \$282,221 to Jeffco Painting and Coating, Inc.

Amend

18. Discussion and possible action related to San Francisco Water Department Contract No. WD-2294. (Quan)

Staff Recommendation: Approve Modification No. 1 to San Francisco Water Department Contract No. WD-2294, Alameda Creek Diversion Dam – Erosion and Miscellaneous Repairs, in the debit amount of \$61,404 and time extension of 255 calendar days; approve the transfer of \$80,000 from Watershed Roads Reconstruction Project to Alameda creek Diversion Dam Project.

Close

19. Discussion and possible action related to San Francisco Water Department Contract No. 2208. (Quan)

Staff Recommendation: Accept work performed for San Francisco Water Department Contract No. 2208, Sunset Supply Pipeline Replacement at Kaiser Hospital, South San Francisco; approve Contract Modification No. 1 in the debit amount of \$10,398 with a time extension of 96 days; and authorize final payment of \$12,523 to Shaw Pipelines, Inc.

PROFESSIONAL SERVICE CONTRACTS

Award

20. Discussion and possible action related to a Financial Advisory Services Contract. (Berry)

Staff Recommendation: Authorize the Assistant General Manager for Finance and Administration to negotiate and enter into a two-year contract with Montague/DeRose and Associates-Kitahata and Company to provide financial advisory services, at a cost not-to-exceed \$250,000.

21. Discussion and possible action related to Contract No. CS-520 - Operation and Maintenance of a Cogeneration Facility at the Southeast Water Pollution Control Plant. (Continued from the meeting of September 12, 2000. (Park)

Staff Recommendation: Award a contract to Sierra Detroit Diesel Allison to operate and maintain a cogeneration plant at the Southeast Water Pollution Control Plant for a period of up to five years following Commercial Operation for \$1,157,540.

CLOSED SESSION

22. Public comments on matters to be discussed in Closed Session.
23. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation:	As Plaintiff and as Defendant
Property:	500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating:	Lymburn/Malamut City of Pleasanton
Under Negotiation:	Terms and Conditions

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A):

Anticipated Litigation: As Defendant
Regarding Hetch Hetchy Water and Power Contract Disputes.

26. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

27. Announcement following Closed Session.

28. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

REGULAR MEETING

September 26, 2000
1:30 P.M.
City Hall, Room 400
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Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:45 P.M.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Frank L. Cook, Commissioner Ann Moller Caen
Excused - Commissioner Ashok Bhatt

3. Approval of Minutes

Moved by Commissioner Cook, seconded by Commissioner Caen, to adopt the Minutes of the Regular Meeting of July 25, 2000 and the Minutes of the Regular Meeting of August 8, 2000; passed (4-0) unanimously.

4. Communications

No action was taken.

5. Old/Ongoing Business by Commissioners

Commissioner Caen asked what was happening to the report to the Grand Jury. John P. Mullane, General Manager of Public Utilities, reported that it would be on the agenda for the next meeting.

Commissioner Caen inquired into the time line for implementation of the odor control process detailed in staff's memo to the Commission. Lawrence T. Klein, Assistant General Manager for Operations, explained that what had been submitted was only a draft schedule and that he was working with Jon Loiacono on an overall review, with maps and program descriptions.

Commissioner Caen asked that this item be kept on the ongoing business list. President Normandy agreed and said he wanted it brought back if not at the next meeting then as soon as possible. He also mentioned the Grand Jury report, that staff is on schedule with all responses and tasks required.

Mr. Mullane stated that there were three items addressed in the Grand Jury report related to the PUC. One response had actually been submitted some months ago, but will be sent a second time. The second response covers overtime, is still being worked on, and is expected to be submitted within the time allowed.

President Normandy announced that the Commission would take the agenda out of order and discuss Item No. 14 first. He introduced Supervisor Leland Yee.

REGULAR BUSINESS

14. Discussion related to the proposed legislation providing for appropriation to the Public Utilities Commission of a portion of surplus Hetch Hetchy revenues transferred to the General Fund.

Lawrence T. Klein noted that the agenda item described legislation introduced by Supervisor Yee which would result in an ordinance being passed by the Board that the Hetchy transfer should be reduced by 10% on an annual basis and returned to the PUC for all of its enterprises.

Supervisor Yee stated that he was appreciative of staff assistance. This was an ongoing issue since 1998 when a number of citizens (including himself) froze the water rates. Part of that was to do with the fact that his office would continually receive calls about the rising sewer and water rates yet on the other hand there was always this tremendous surplus coming from Hetch Hetchy. It became apparent that the structure of the Charter did not allow the movement of dollars from one enterprise zone to the other. He stated that he was hoping the City would move to address that problem but it had not done so and forced the electorate's hand into passing a measure to freeze the water and sewer rates until 2006. This piece of legislation is the second portion of that initiative.

His intent was to provide additional revenues to the PUC to take care of its infrastructure so that the PUC would not have to come before the Board of Supervisors asking for ballot measures, which is a more costly way of financing many of our infrastructures needs. Over a period of ten years, all of the dollar surplus from Hetch Hetchy would be given back to the PUC. The legislation also creates some flexibility for the Department in that it allows the movement of dollars from one enterprise zone to the other. The Supervisor further stated that he understood that the Mayor might be interested in shortening the timeframe and that he was very interested in that. It was his wish to wean the City off the surplus as gently as possible. If the Mayor felt that there was a way of doing it at a faster level, that was fine. The Supervisor stated he was very vested in setting aside a fixed percentage annually because the more the delay the more costly the repairs would be. He explained that he had held off calendaring this at his Committee until the next day, in deference to the Commission. He stated that there was a technical problem with the legislation with regard to timing, because it would take effect only next fiscal year.

President Normandy thanked the Supervisor for moving the process along. He stressed that this was now in the correct arena. The PUC had long wanted to reduce the outlay to the General Fund but the Charter restrained the Commission from acting unilaterally. Nor did the Commission want to feel that they were responsible for cutting short other City services. The General Fund retentions are

needed even more today than in the past because of the infrastructure repairs in the next 10 – 15 years.

Commissioner Makras stated that he wanted to publicly acknowledge Supervisor Yee's support and effort in moving the Program Management contract forward. The Commission greatly appreciated the Supervisor's efforts as a spokesman to his colleagues.

Supervisor Yee thanked the Commission and staff for doing due diligence in addressing the problems in the Program Management contract and stated that it was now a much better and more cost effective program.

No action was taken. This item was for informational purposes only.

6. Introduction of New Business by Commissioners

Commissioner Cook expressed concern over the criminal activity taking place in the watershed and worried about the safety of the watershed keepers and the need to keep criminal elements out of the watershed. He stated this was most important to him. The time had come to look at constructive security measures.

Commissioner Makras added that he wanted to add water quality concerns to the issue. He asked that staff contact the San Francisco Police Department and have them investigate the matter. He was concerned about protection of pipelines entering and leaving the watershed and the need to be sure that the water quality could not be compromised by trespassers. Commissioner Caen agreed with the previous speakers.

President Normandy pointed out that the press coverage of a marijuana farm on the watershed was triggered by one of the SFPUC's watershed keepers coming across it and advising the authorities. This underscored the fact that the watershed keepers are on the property 24 hours/7days a week and are there because the SFPUC needs them to be, for protection of the watershed and the water. He stated it was unfortunate that certain people continue to deny the fact that the SFPUC does need to keep watershed keepers on duty 24 hours a day, seven days a week to protect the water we all drink. He stated that it was getting a little tiresome to have people who should know better continue to flail away at the watershed keepers and their residences only because the SFPUC has rejected their requests for fishing privileges on the reservoir.

Commissioner Makras asked staff for a list of contracts closed out for the year 2000 and a summary showing the extensions given on all the contracts closed out this year. Recently there were three calendar items all having extensions in excess of 10%. Today's calendar includes an item with an extension of roughly 100%. He stated he would like to see everything approved for the year to date, to

serve as a benchmark on job performance, particularly in a new era with Program Management. Mr. Mullane agreed to prepare a report and to also add another column showing the reasons for such extensions, often beyond staff's control.

President Normandy acknowledged requests for the Commission to pass a resolution declaring that the SFPUC is against privatization of any or all of the agency's operations. With the concurrence of the Commission, directed staff to look at the process involved and its ramifications. He asked if the SFPUC, could act on its own, or needed approval from the Board of Supervisors, the Mayor, or possibly the voting public. He wanted this put on the fast track. He noted rumblings that the Program Management contract is a step toward privatization. He thought it important that the Commission make a statement correcting this fallacy and the sooner the Commission could come up with a resolution to this effect the better.

President Normandy continued that prior to accepting appointment to public office and prior to becoming an independent businessman, he had been an executive for several multi-national corporations. This gave him some knowledge of the differences between the private and the public sector and that privatization for a utility such as the SFPUC may not be in the best interest of the public. He stated that there is much to learn from the private sector, that is one of the reasons the SFPUC has gone into the Program Management Contract: the sensitivity to the bottom line; the sense that jobs are earned and not entitlements; and the fact that speed and efficiency and effectiveness are prized. However, morality is not integral to the marketplace and that is the difference between public service where the mandate is to do the most good for the most people. Ultimately, the SFPUC is a public agency doing public service and how we best accomplish that is the issue.

7. Report of the General Manager

Mr. Mullane requested that Items 11, 12 and 16 be put over to the first meeting in October and take Item 15 out of order immediately after Item 10.

Moved by Vice President Makras, seconded by Commissioner Cook to continue Item Nos. 11, 12 and 16 to the next regular Commission meeting scheduled on October 10, 2000; passed 4-0 unanimously.

a. Shortage Allocation

Michael Carlin, Bureau of Strategic and Systems Planning Manager, gave an update on negotiations between the SFPUC and the Suburban customers and some issues left open under the Master Water Sales Agreement. Staff has developed an agreement on allocating system-wide shortages which will cover up to 20% shortages declared during a drought and eliminate some contract disincentives. The proposal allows an ability to

transfer water between customers – those who need and those who do not. It also creates a baseline for shortage scenarios in future water demand planning. Mr. Carlin stated that they are moving forward to bring this to the Commission on October 24, 2000. BAWUA's governing board will consider a resolution on October 19, 2000 to ask their member agencies and the SFPUC to approve the agreement. If adopted by the SFPUC and BAWUA's 29-member agencies, it becomes an amendment to the Contract in force between BAWUA and the SFPUC.

Commissioner Caen commended Michael Carlin on an excellent job of moving this forward.

b. CIP 2000 Update

Mr. Carlin reported that there had been much activity since the last time this was brought to the Commission. A significant amount of staff time has been spent on the framework, working with senior staff, looking at all the proposals and projects, organizing them into program plans, and continuing internal review. They also have done stakeholder review with BAWUA counterparts, and have asked the Program Management team to assist in cost estimating the work to be done. They plan on bringing an update to the Commission in November.

President Normandy stated he wanted to make the following points vis-à-vis the Mayor appointed Infrastructure Task Force's concerns: the CIP is the basic "wish list" on which will be based a Long Term Strategic Plan, followed by a Long Range Financial Plan. The Program Management Team is integral to the process in providing the objectivity outside the Department, to advise where to save money and where to save time.

c. CALFED Update

John Mullane reported that last week President Normandy, Michael Carlin, and he attended a meeting of General Managers and Presidents of respective Boards and Commissions of the major water utilities in the Bay Area. These included East Bay Municipal Utilities District, Contra Costa, Alameda County, Zone 7 and Santa Clara Valley. This meeting was important as much for the occasion itself as for the content of the meeting, because it was literally the first time that Presidents of the various Boards and the President of this Commission actually got together as a group with the General Managers to discuss mutual concerns. They discussed such topics as the water supply and quality needs of each of the participants at the meeting; various underlying principles and assumptions that everyone agreed to so that no particular agency would jeopardize their particular programs; and joint benefit projects that each could do that would benefit

one or more of the other agencies. An agreement was reached to sponsor a blending and exchange program with each agency contributing roughly \$16,000/\$17,000 to develop a study to be performed through the California Urban Water Agency. The attendees included Sunne McPeak, former member of the Contra Costa Board of Supervisors who is extremely active in the water industry and now represents the Bay Area Economic Forum. Ms. McPeak has guaranteed support from the Bay Area business community, especially from Silicon Valley.

d. Mayor's Task Force on PUC Infrastructure

Bill Berry, Assistant General Manager for Finance & Administration, stated that the Mayor's Infrastructure Task Force has met three times since July and the agendas have included discussion of SFPUC's Capital Improvement Program, planning issues, etc. Bill Berry explained that he was the staff liaison to the Task Force which is chaired by Mr. Richard Bodisco and on which serve representatives of the general public and some members of the city family. SFPUC's Capital Improvement Program has become a major bone of contention. The Task Force Chair and certain members suggested that the SFPUC should be developing a long-term strategic plan and a long-term financial plan prior to developing the Capital Improvement Program and have asked us to stop our efforts with regard to the CIP. Mr. Berry has told them that he takes direction from the Commission and the General Manager and that staff is committed to submitting the CIP to the Commission by year's end. At last Friday's Task Force meeting, Monique Moyer from the Mayor's Office who is a member of the Task Force, suggested that it would be useful to have the Chair sit down with the President of this Commission and discuss how they can work together.

President Normandy stated that the Commission welcomes the establishment of the Task Force, noting that the SFPUC and the Task Force share the same objective of developing as efficient and effective an agency as possible. He asked Mr. Berry to relay the Commission's point of view, and reiterate the need for the CIP as the key step toward completing a Long Range Strategic Plan and Long Range Financial Plan. This Commission sees the Task Force as a partner and a collaborative group but ultimately the SFPUC is responsible to the Supervisors and the Mayor.

Commissioner Makras asked Mr. Berry to let the Commission know if he saw the Task Force not using the democratic process or if there was less than full representation of all members in the Task Force actions.

President Normandy stated that this Task Force is envisioned as a body that will recommend certain actions and this Commission should be advised

in public of any recommendations as soon as possible so that any differences can be worked out posthaste.

e. Financial Year-End Reports

Mr. Berry stated that reports are presented to the Commission quarterly with the last quarter usually a little late due to year-end closure. Highlights of the report include the Water Pollution Control Division underspending by about \$7.5 million; CDD overspent its budget by a small amount – about \$200,000. The reports for each of the Divisions indicate the variances at the bottom of each page. The managers' viewpoints with respect to this year's budget, comparing the budget the Commission approved in February to the budget ultimately approved, was provided to the Commission.

Commissioner Makras asked if Mr. Berry could look at the capital project expenditure figures for the same period and let the Commission know what the Commission approved and how much has been spent on projects. If there are savings, Commissioner Makras wanted to know what was happening with that money.

Commissioner Caen stated that she wanted the managers to know that she found this much better than last year. It showed good fiscal management and she wanted to commend the managers for that.

President Normandy stated that the SFPUC had made tremendous strides in the last year. Firstly by comparing budget figures as approved versus actual expenditures to date. Secondly, by cutting personnel shortage from 30% to 7%, departments are able to come up with these reports. He commended Mr. Berry, Mr. Mullane, and the Commission on accomplishing this in such a short time.

8. Bay Area Water Users Association (BAWUA) General Manager's Report

a. BAWUA/SFPUC: Progress, Recommendations, and Significant Near-Term Milestones.

Art Jensen introduced some of the members of BAWUA present – Mayor Rosalie O'Mahony, Burlingame; George Baggan, Director of Public Works, Burlingame; Councilman Adrienne Tissier, Daly City; Patrick Sweetland, Director of Water and Wastewater Services, Daly City; Chuck Wagenseller, President of the Mid Peninsula Water District; Bob Craig, Westborough Water District and his General Manager Darryl Barrow; Jim Gunther, Alameda County Water District; and Peter Ingram, Director of Public Services, Redwood City.

Mr. Jensen stated that he wanted to discuss BAWUA's goals and what they were looking for with respect to the SFPUC over the next several months - high quality water for residential users at a fair price and protection of association members from severe water shortages.

Mr. Jensen showed slides on information passed to his membership on what had been done by the SFPUC. He stated he had made sure that the membership was aware of what had been accomplished and that they were aware of rate increases at some future date. Also, that where there was earthquake risk, they needed to know what to do on their side of the meter to handle such an eventuality. As a result of this information the membership passed resolutions acknowledging what has been done, and urging the Commission to act in those areas where it can act independently and to open discussion with the BAWUA membership if such action was so required.

Mr. Jensen expressed the BAWUA expectation to be within an 18 – 24 month time frame and showed the scheduled time frame on overhead slides for water supply reliability; water quality; pricing; overall development of the capital improvement program and financial plan. For example, there is water supply reliability and the need for contracts to purchase water for dry years; another is the local projects program, whereby BAWUA members can assist each other with conservation and recycle water programs and various other schedules and projects. He stressed the need for keeping on track for all the projects discussed.

Several members from BAWUA then lined up to speak. Peter Ingram, City of Redwood City relinquished his time. Charles Wagenseller, Mid Peninsula Water District (formerly Belmont Water District) thanked staff for the workshops regarding chloramines. Jim Gunther, Vice President, Alameda County Water District, thanked the Commission for their support in the past and continued support in the future. Rosalie O'Mahony, Mayor of the City of Burlingame asked for updates for contracts to be developed for other water services in droughts, completion of chloramination vital to remain in compliance, and updated communications between the Commission and the BAWUA membership regarding pricing. Adrienne Tissier, Daly City Council member asked that all the aforementioned issues stated by Art Jensen is addressed by the Commission in a timely manner.

President Normandy expressed appreciation for the cooperation that had taken place between BAWUA and the Commission. He stressed, however, that the essence of the relationship remained that between service provider and customer. He stated the task is to make sure that the goals remain mutual, and that processes are agreed upon in order to achieve those goals.

9. Public Comments on matters that are not on today's agenda.

There were no public comments.

REGULAR BUSINESS

10. Discussion and possible action related to the Alameda Watershed Management Plan.

Joseph Naras, Watershed Resource Manager, presented the item. He gave a background on the approximately 40,000 acres of watershed land in Alameda and Santa Clara Counties. He explained that until this work was undertaken by this Commission in 1992 there was no comprehensive framework for decision making or guidance. Major issues were:

- ☐ Fire management plan
- ☐ Grazing resources management plan
- ☐ Natural Resources and Cultural Resources Studies
- ☐ Alameda Creek Water Resources Study
- ☐ Sunol Valley Resource element

There is a 20-year planning horizon. Certification of the Environmental Impact Reports has been completed and the Plan is before the Commission for adoption.

Public Comment:

Pat Stillman, Save our Sunol, stated that the Environmental Impact Report incorporated a great deal of the Alameda County Impact Report of 1992. She felt that this was outdated due to the fact that various endangered species had just been put on the endangered species list. She also stated that she felt that not enough attention had been given to the concerns of the Sunol Glen School Board.

Derek Johnson, resident of Sunol, referred to the Comments section 2.H.3 concerning diverting groundwater around a quarry pit, which stated that when the walls are sealed, there would be no effect on the groundwater. He stated that groundwater acts as a buffer and by sealing off an area the flow will be changed. He showed various slides of the town vis-à-vis the proposed quarry site. He objected to the proposed berm.

Bob Frillman, Resident of Sunol as well as a ratepayer in San Francisco, spoke of the impact of the quarry on the town of Sunol and the moral responsibility to the town of Sunol as well as a fiduciary responsibility to the ratepayers of San Francisco.

Bill Nolan relinquished his opportunity to comment.

Commissioner Makras moved to adopt the item. He thanked the Planning Department of San Francisco, also Adolph Martinelli, Planning Director for Alameda County. Commissioner Makras felt the plan presented was consistent with the overall goals of the SFPUC. The document was a proper one, well written and well thought out. It was put out to the public around January of this year, and there had been ample time for public participation and input.

He referred to the Addendum to the Plan, page six, WA15.4, WA18.1, AF 7.1 on the same page as consistent with the goals and objectives of the Commission. Also the last item on the page refers to Chevron and the Public Utilities Commission was at the forefront of breaking ground to free the watershed of that pipeline. With respect to the findings themselves, he stated he had reviewed them in detail because, in 1995, he attended the Commission meeting (as a member of the public) when the alternative was selected, he heard all the public comments at that time, and so he felt that this was not new information. He believed it to be consistent to include the 1992 report as an actual basis from which to start and make conclusions of changes that are brought up over the years. San Francisco and Alameda Planning Departments were correct in their analysis. On page 3 of the Management Plans, the goals, and policies were consistent with what Vice President Makras believed the Commission is all about. On page 5, the fire risk, safety, and security issues and the leasing and permit requirements he felt, were 100% on target and he fully supported them. With respect to the grazing management plan, this was very accurate and cutting-edge and again it was this Commission that put this management plan in place. With respect to reasons for selecting the preferred alternative, he stated that there was just one simple answer on page 7. It was a clear goal and the other alternatives did not maximize to this size. This, he said, was the compelling reason for him to put the motion forward to the Commission. With regard to the rejected alternatives, he stated he had reviewed each one of them, and his main reason for choosing what he did was the maximizing of water supply. He pointed out that the mitigation measures were clear, distinct, and visionary. He was particularly impressed with the mitigation measures. He told other Commissioners that because of his thorough review of the documents he would be happy to address any questions they might have.

Moved by Commissioner Makras, seconded by Commissioner Cook, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0229: Adopt the Alameda Watershed Management Plan, including the required findings and mitigation/monitoring plan with respect to the final Environmental Impact Report.

The Commission took the agenda out of order and discussed Item 15 next.

LEASES AND PERMITS

15. Discussion and possible action related to a lease with Mission Valley Rock Company.

John Mullane introduced the item. He stated that much time, energy and staff involvement had been required to get to today's resolution. Within the City structure and especially within the Public Utilities Commission, the Bureau of Commercial Land Management, the Watershed Management section of the Water Supply & Treatment Division, and the Bureau of Finance all participated in this process over an extended period. Additionally, the City Attorney's office lent its expertise and its energy to this effort. The outside lessee, Mission Valley Rock, had worked diligently to secure a mining permit. They worked hand in hand with the Alameda Planning Department and the Alameda Board of Supervisors. It was their desire to meet the needs of the SFPUC and also do all they could to be a good neighbor. The residents of the Town of Sunol have participated in this process from day one. Whether it was with the Watershed Master Plan, which began in the early 90s or in the more recent lease negotiations, the process was open and made available to Sunolians.

Mr. Mullane stated that this was a complex issue and merited a three person presentation, the first by Joshua Milstein, Deputy City Attorney, to provide a history of mining in the Sunol Valley and the process of negotiations to this point. Gary Dowd, the Manager of the Bureau of Commercial Land Management, then will provide the terms and conditions of the lease and its benefits to the SFPUC. Then Joe Naras, Manager of the Land and Resource Management Unit, will discuss the mitigation measures that have been agreed to and mandated in the mining permit process with the County of Alameda. The same measures will be monitored on an ongoing basis by Water Department staff. A key fact is that any mitigation that the SFPUC requires of the lessee to the benefit of the citizens of Sunol is also to the benefit of the SFPUC staff who will be working daily side by side with the Town of Sunol and with the quarry operations.

Josh Milstein stated that mining began in Sunol Valley in the 1970s. Gradually over time mining occurred in larger, deeper pits to 200 feet depth and many of these operations have been permitted by Alameda County under their Surface Mining Ordinance. San Francisco did not have a Surface Mining Ordinance

because there are no quarries in San Francisco and so the entire history of quarrying in the Valley has really been a partnership between San Francisco and Alameda County to address the regional needs for aggregate and construction in the area. The mining to date has taken place south of I-680 although there is an outstanding 69-acre lease for the north side of the freeway.

Mining is in the City's interest because the City's studies, referenced by Mr. Naras, have determined that there is a really limited amount of groundwater in the Sunol Valley. The advantages to the City from mining are that this particular lease would provide 16,000 acre-feet of new water storage. As is known, the system as a whole is deficient in storage to the tune of 71 million gallons per day (mgd). The reservoir capacity in the Sunol Valley would be about equivalent to Crystal Springs Reservoir and would provide an estimated seven (7) mgd of new yield for the project, which is not insignificant. Factors to consider are the location of this site with respect to the markets for the aggregate and if mining does not occur here it is going to occur somewhere else, most likely in the San Antonio watershed, an area the City does not control and which could cause major environmental impact. In the end there will be a reservoir with a net value in today's terms of \$32 million that is based upon a \$2,000 an acre foot cost for new surface water storage in the Water Supply Master Plan. Not only are the lessees paying the City to dig a reservoir but there will be a finished asset that can be used by the entire San Francisco rate base to the tune of \$32 million. Mr. Milstein stated that he also wished to point out that this would be available for the sole use of the ratepayers in San Francisco.

Mr. Milstein continued that there were a number of advantages to dealing with Mission Valley Rock including the fact that the Company owns land on the other side of Alameda Creek where soils can be deposited. The lessee would use their existing plant, across the freeway, meaning that there will be no additional truck traffic into this site. In addition, all the materials will be moved by a conveyor belt. The EIR of Alameda County noted that there is much moisture in the material, which would reduce dust. None of the mining will occur in the Creek or in riparian habitat, it will all occur in a field that is ploughed regularly twice a year. Mr. Milstein stated that the Commission had a set of findings before them for approval of the lease and that these had been revised slightly since the original findings, to include reference to the recent designation of critical habitat for the California Red Legged Frog.

Gary Dowd explained the lease. The lease contained approximately 242 acres with 139 acres slated for actual quarrying. The lease will commence upon approval of the Commission, the Board of Supervisors and the Mayor. It will run for a term of 40 years, to approximately October 31, 2040. Base rent required under the lease will be \$100,000 per year for the first twenty years of the term, in addition to a percentage rent based on 10.5% of the average sales price per ton obtained from the material. It is anticipated the total revenues will meet or exceed

approximately \$50 million for the term of the lease. On the fifth anniversary of the commencement date, and each five-year anniversary thereafter, the royalty rate will be analyzed and possibly adjusted to reflect the market standards. A couple of the special lease clauses are as follows: Upon completion of the tenant's excavation near the Temple there is a requirement that the lessee backfill and landscape a portion of the premises within a quarter mile radius of the Sunol Water Temple. The tenant will not begin quarrying activities on the premises until they have fulfilled all pre-disturbance mitigation and other conditions set forth under the approved plans and permits as identified by the appropriate governmental entities. The tenant has prepared, to the City's satisfaction, a detailed landscaping plan, and the tenant has been required to obtain a surface mining permit from the Alameda County Planning Department. The tenant has agreed that they shall apply to the Alameda County Planning Department, and use its best efforts to obtain with reasonable promptness, the amendment to SMP 29 that would permit mining of the premises to a depth of 200 feet. In addition to the base rent and the percentage rents previously mentioned, the tenant has agreed to pay to the landlord (the City) \$2 million in the event the tenant terminates this lease before any quarrying commences or, if the City should terminate the lease, before quarrying commences as a result of event or default. The City has also requested the tenant deliver to the City any aggregate, including sand and road base, that could be used in SFPUC's daily operations. The tenant would offset rental payments for any material the Department would purchase directly from them. The transfer of the lease, including but not limited to, any transfer to an affiliate of the tenant, would also be subject to payment of a transfer fee in the amount of \$2 million. Finally, the tenant would perform at its sole cost all mitigation measures identified in approved plans and permits and any environmental documents or instruments relating thereto as they relate to the premises.

President Normandy stated that on September 22, 2000 the PUC received a letter from Elliston Vineyards for a counter land use proposal. He asked Mr. Dowd whether his Department had had a chance to pursue the details of this proposal with the Vineyards and come up with a comparison with the proposed lease in question today. Mr. Dowd replied that they had done an internal analysis of what is proposed in the letter but that there had not been direct negotiation with Elliston. He stated that by the Department's analysis the anticipated revenues based on the proposal would be approximately \$14 million over the term of the lease, as opposed to the \$50 million with Mission Valley Rock.

President Normandy asked about the annual revenue, covering both the rental, and the percent of revenue generated. He asked how these compare. Mr. Dowd stated that he had not had a chance to do an analysis, but would say there was a substantial difference. President Normandy asked what would be required of the Commission if it decided to look at yet another alternative before proceeding with this one. Mr. Dowd stated that we would have to run specific numbers and come back to the Commission. Mr. Dowd felt that it could very well trigger an entirely

new bid process because the Department would be opening up the land to an outside business for a totally different operation.

Joseph Naras covered the key conditions of approval for the Surface Mining Permit #32, and showed overhead slides. There are 93 conditions of approval as part of the permit. Native landscaping such as trees, shrubs, and grasses will provide a habitat and screening to give a natural look. Mission Valley Rock is required to replace 15 acres of vineyard at least four years prior to removing the existing vineyards from the mining site. MVR will fund up to \$50,000 for a feasibility study and preliminary plan for the Sunol Valley agricultural plan and enhancement effort. MVR is also required to prepare a detailed landscape and recreation plan for the SMP #32 quarry area prior to any site disturbance. This plan will be approved by the SFPUC. A conceptual preliminary landscape and recreation plan has already been prepared by the SFPUC to provide guidance for the detailed plan. All site preparations are to be successfully completed within eight years of the initial site disturbance. MVR will pay \$5,000 per year to the Sunol Glen School for the term of the project starting with the commencement of mining aggregate.

Noise – All equipment operating in the quarry will require mufflers. Berms and landscape buffers will be installed. Additionally MVR will fund installation of double paned windows and a mechanical ventilation system at the Sunol Glen Elementary School upon request of the SFPUC or the School if Alameda County determines it necessary to further reduce the noise and dust.

Visual Quality - MVR will have a detailed landscape and phasing plan designed to minimize visual impacts at the quarry site by providing an effective landscape screen. MVR is also required to build a continuous meandering berm mentioned earlier, around the perimeter of the quarry pit and this berm will be landscaped according to the detailed landscape and phasing plan. MVR will coordinate all quarry operations including buffering land use, the conveyor belt location and design, fencing and landscape hillocks with the SFPUC to facilitate any public access plans deemed desirable by the SFPUC in the future. Periodical review of the elements of the landscape plan will be made by Alameda County, the Sunol Community Advisory Committee, and the SFPUC to ensure the adequacy of the plan, the plantings, the hillocks, and the construction in meeting the objectives of reducing the visual impacts. The screened landscaping will be permanently installed at least four years prior to activity in areas of active mining.

Air Quality - MVR will take preventive measures to reduce the creation of dust to the maximum extent possible. Measures will include but not be limited to, the use of water as a dust suppressant, temporarily suspending operations during periods of high winds or the use of other control measures and devices as required by Alameda County.

Traffic – there are no new access roads or access points to the quarry site allowed from Paloma Road. All access to the site will be via an existing road which passes from the southern location under I-680.

Public Health and Safety – there will be potable water and adequate toilet facilities installed for the employees that work on the quarry. Fire protection plans will be filed with Alameda County Fire Department and the California Department of Forestry and Fire Protection. The perimeter of the mining area will be fenced prior to the mining activities in conformance with the Surface Mining ordinance. The Surface Mining permit terminates January 1, 2045 or upon the completion of mining. No processing plant is allowed on SMP #32. The permit may be revoked for any reason of non-compliance pursuant to the Alameda County Surface Mining Ordinance.

President Normandy asked questions regarding installation of double paned windows and a mechanical ventilation system at the Sunol Glen School if Alameda County determines it necessary to further reduce noise impacts. He found that disturbing because it was predicated on responsive action from Alameda County.

Adolph Martinelli, introduced himself as Director of the Community Development Agency for Alameda County. He stated the noise issue was an important part of their analysis. The County felt that there would be very little noise from the quarry operations. The processing plant is over half a mile away on the other side of the freeway and will not impact the Sunol community any differently than it does now and now it does not impact them. The excavation will go straight down. Berming must be in place before the mining operation itself starts so that the landscaping will occur four years before mining. Conditions are that those aspects of the operation have to occur during the summer months and the Sunol Glen School will not be in session. The effect of the operations would not be much different from tilling the field which goes on twice a year. Alameda County has conditions for the annual monitoring, five year monitoring, and response to complaints. They also have equipment to do technical measurements of noise if there are any impacts, and are committed to mitigate that. He felt that the perception of this operation is much greater than the reality. The County currently has mining going on in the Livermore area, an active excavation with new subdivisions immediately adjacent to it, with houses beginning at \$850,000 and up and they are selling rapidly without any complaints. The Ruby Hill community, a country club community in the Pleasanton hills overlooks the vast Pleasanton area quarries – these are million dollar houses, and Alameda County has had no complaints, and they are in closer proximity than the community of Sunol is to the proposed quarry.

President Normandy stated he wished to go back to his original question: if the installation of double glass panes and a ventilation system for the school could be done at the behest of either the property owner or the affected people. Mr. Martinelli replied that they would be installed if there was a problem attributable to

the operation, but that it was not a blank check to replace the windows in the school. A provision could be possibly put in the lease to give the San Francisco Public Utilities Commission comparable authority.

President Normandy also expressed concern that there was mention of monitoring by the County but he saw no provisions for actually policing and enforcing.

Mr. Martinelli replied that Alameda County had a zoning enforcement unit, and fees are collected for monitoring. A monitoring report is required annually, there are field inspectors who go out and respond to complaints by the community. There are at least four different levels of monitoring.

President Normandy asked about sanctions. Mr. Martinelli replied that the sanctions range from enforcement of conditions to relocation of the permit – that is the maximum sanction that the County has. President Normandy asked if there were any interim ones. Mr. Martinelli said there was aggressive enforcement, to be followed by revocation or suspension of the permit. The County usually receives cooperation with that heavy a hammer.

President Normandy asked about MVR funding a \$50,000 feasibility study and preliminary plan for Sunol Valley agricultural preservation and enhancement. After the study, what then? Is it filed to gather dust? Mr. Martinelli stated that the intent is that the Preservation Enhancement Plan would be an affirmative plan which would encourage through incentives the expansion of cultivated agriculture in the area. It would look at the availability of water, which is the biggest impediment to cultivated agriculture, types of crops, zoning incentives, land use operations and its intention is to be adopted by the Planning Commission and the Board of Supervisors. Alameda County has adopted a plan in the south Livermore area - an agricultural enhancement plan - which has been very effective. When initiated the County's cultivated vineyards were below 1,800 acres and through the plan they now have over 4,000 acres planted.

President Normandy asked the representative from Mission Valley Rock (MVR) to step to the podium.

Mr. Michael Ohleyer introduced himself as representing Mission Valley Rock.

President Normandy questioned Mr. Ohleyer regarding the mitigation measures, Item #5 (Creation of landscaped hillocks) stating it did not seem to jibe with Item #15 (Visual Quality). Item 5, regarding the hillocks states "top soil from the mining site will be utilized in creation of the berms" – meaning that digging will have to happen first. Item 15 states "screen landscaping will be permanently installed at least four years prior to activity in areas of active mining." There appeared to be a discrepancy. Mr. Ohleyer stated it was his understanding that the intention was

just to take the topsoil off, not go down and dig rock at that point - just a scraping of dirt - building the dirt into the hillocks. MVR obviously also has access to other dirt from the other side of the freeway as well, but would not do any "active mining" that is, the digging of the rock prior to doing the landscaping.

President Normandy reiterated that it was firm in the lease as well as the mitigation summary, that the screen landscaping is to be permanently installed four years prior to any activity or any digging. He also had concerns with yet another provision showing a clockwise digging pattern which would start closest to the Temple and, if the berms and protective landscaping were not in place to protect the Temple, the SFPUC investment in the Temple restoration might be at risk.

Mr. Ohleyer stated MVR would not jeopardize any property of its landlord, the City.

Commissioner Caen asked Gary Dowd whether in the lease there was a minimum amount of sand and gravel that had to be mined every year. Mr. Dowd stated he did not believe there was a minimum, but unless there were certain weather conditions that would prohibit mining, he anticipated about a million and a half tons per year. It could fluctuate with a heavy winter or if market conditions changed, and MVR could not sell the aggregate on the open market, then Mission Valley Rock would obviously reduce how much was pulled from the pit. MVR is, of course, motivated to mine as much as they can and sell as much as they can.

Commissioner Caen asked if there was a possibility that the pit would be mined out before 40 years. Mr. Dowd stated he did not know.

Mr. Ohleyer clarified the issue stating that the period anticipated to mine is about 35 years at the shortest subject to weather conditions. MVR would expect to mine substantial tons every year – one million to two million tons. In the past five years they had averaged a total amount of \$5 million rent to San Francisco, which means about a million tons a year.

Commissioner Caen asked Gary Dowd if the rate of \$1 per ton was over the 40-year term. Mr. Dowd stated that it would be open to negotiation, based on the fact that every five years, the PUC has an opportunity to adjust after doing an evaluation of market conditions. He anticipated probably starting around \$1 per ton, remembering that nothing will be mined for four or five years. The tonnage rate is around 80 cents in today's market.

Public Testimony

A request had been made by members of the public to show a film which was approximately 15 minutes in length. Commissioner Makras stated that the film would fall under the time allocation of the presenters and asked whether the Chair had authorized this prior to the meeting. President Normandy stated that the Sunol

group had agreed to show the film as part of the total testimony. A number of people indicated they would yield their time in favor of showing the film.

The film gave a history of the Town of Sunol and the Water system and showed clips of the small school, the fight against housing developments and the restoration of the Water Temple. The film and voice over also spoke against the proposed quarrying saying it would bring an "industrial nightmare" to Sunol, and that the dust would have harmful effects on children attending the school. The film charged that the land could be better used for agricultural purposes. It stated that if such a project was proposed in San Francisco instead of Sunol that the citizens of San Francisco would not tolerate it.

The following people then spoke against the Quarry Project: Pat Stillman, Save Our Sunol; Keith Flavetta; Bree James; Maryanne Canaparo; Robert Foster; Jim O'Laughlin; Carole Varela; Derek Johnson; and Bob Frillman. The speakers encouraged the idea of a vineyard on the land as an alternative to the mining.

The following people, who would have spoken against the project, had yielded up their time slots in favor of the film: Dr. Kendall Guthrie; Louise Throop; Victoria Barnes; Sarah Mills; Kelly Sandlin; and Diane Tiessen.

Keith Flavetta, owner of Elliston Vineyards spoke to say he had recently sent the Commission a white paper on possible use of the property. He had not been able to get soil samples to determine the types of grapes that might be grown on the land and do an estimate as to the amount of return, in royalties, that this could provide. He suggested that the Commission look at the net revenue differences in terms of what is generated from one portion and what is generated from another. He asked for the opportunity to put together a firm commitment and feasibility study, not only addressing the agricultural issues, but the time to put it together from a financial standpoint.

Some speakers stressed that although there had been a great deal of public outreach during the EIR process, they did not feel heard, and that the protests of many people had been dismissed. Others stated that the projected mining revenues seemed to be unsubstantiated.

John Hedgecomb, an environmental attorney, discussed the EIR and took exception to the requiring of water storage or revenues mentioned stating that there was no balancing of options. He stated this was not acceptable under CEQA. He mentioned what he considered other inconsistencies in the EIR.

The Sunolians handed the Commission a resolution passed by the Sunol Glen School Board (their only legal body) opposing the quarry extension north west of I-680.

Speakers in favor of the mining lease were: M. J. Dunlap, Operating Engineers #3; and Stu Helfer, Teamsters Local 853.

Those speaking for the project were workers or union representatives of workers who were employed by Mission Valley Rock. Comments included the fact that the area would be left with a water supply and a lake surrounded by 40-year old trees, which would eventually be an enhancement to the valley.

After the public testimony, the meeting recessed at 4:45 P.M. The meeting reconvened at 4:50 P.M.

Commissioner Makras stated he supported staff's recommendation and said he was prepared to make a motion. He stressed that first of all PUC's business is water and this lease is in line with providing water and storage and is in the long range plan and has been in the Alameda County Master Plan for many years. He did not see it as strip mining; in the end it will be a lake and he was of the opinion that with strip mining one ended up with nothing. Much of the mitigation took away from that harsh word, and he thought that this was something different. He stressed to the public that he did listen to what everyone said, and the suggestion that the Commission did not do so was not accurate. He stated that he might not be coming to the same conclusion but that he was honestly listening and that there was a big difference between those two things. Suggesting anything different did an injustice to the diligence the Commission took on reading and carefully reviewing all the issues in front of them. This lease is different from the PUC policy which has a 20-year limitation, but he supported extending it to the 40 years staff proposed because of the nature of the lease, and the many early mitigation measures need to justify the longer term.

Commissioner Makras explained that the lease was justified in order to keep the flow of income coming in, because MVR does have the plant, and to bring in another operator after this would mean having to put in a new plant. He encouraged support of the item because of an initiative on the Alameda ballot this November that could possibly negatively affect the SFPUC interests. He strongly supported the idea that the water storage is significant. Earlier in the agenda, the Mayor of Burlingame and a number of people in attendance had asked the SFPUC to provide storage and look at the long-term situation of our water system, and 16,000 acres of water is significant. In regard to the reservoir, when people say "no not here"; his answer is "then where?" Commissioner Makras moved the item for approval.

The motion was seconded by Commissioner Caen. She reminded everyone that the overall goal was water storage thus increasing the yield and reliability for a water supply now at 70% capacity. She also felt that the revenue (\$1.5 million per year) for the City and County of San Francisco was meaningful. She added that she admired Mission Valley Rock for what they have accepted in the many issues

and conditions of approval for SMP 32. Also the Board of Supervisors of Alameda County has adopted the EIR. The people of San Francisco did restore the Temple and that was a gift to everyone as well as to the people of Sunol. Lastly, in the film, it stated "that we are borrowing the earth for our children." She said in a few decades the children of Sunol will have a beautiful lake and they will also have increased water storage.

Commissioner Cook concurred with his fellow Commissioners. He felt that he had lived with this for some time and commended staff for their diligence. The Commission has spent many hours in reviewing the different proposals. The SFPUC has vested numerous hours and resources to come to this conclusion regarding this lease. It has been a difficult task to assault the feelings of the people of Sunol and at the same time look at the needs of the water system and the management of resources. He concurred with the other Commissioners and supported the recommendation of the staff.

President Normandy disagreed, stating that although he felt duty bound to support any and all processes that provided much needed water storage and revenue to the City and County of San Francisco, he was not yet convinced that the mining lease was the sole solution. Neither was he convinced that there were sufficient protections for SFPUC own water operations and the Sunol Temple.

The President called for the question.

All in favor:	Makras, Caen, Cook
Against:	Normandy

The motion to adopt the following resolution passed (3-1).

Resolution No. 00-0230: Authorize the General Manager of Public Utilities to execute a lease with Mission Valley Rock Company, for approximately 242 acres of PUC land located on a portion of Parcel 65 of Alameda County lands in Sunol, California, for the operation and maintenance of a sand and gravel quarry.

11. Discussion and possible action related to the SFPUC Commercial Paper Program.

Staff Recommendation: Increase the size of the SFPUC Commercial Paper Program from \$150 million to \$250 million.

Moved by Commissioner Makras, seconded by Commissioner Cook, to continue Item 11 to the next regular Commission meeting scheduled on October 10, 2000; passed (4-0) unanimously.

12. Discussion and possible action related to filtration avoidance.

Staff Recommendation: Affirm SFPUC practices and policy to take all actions necessary to maintain the "filtration avoidance" status for the Hetch Hetchy system.

Moved by Commissioner Makras, seconded by Commissioner Cook, to continue Item 12 to the next regular Commission meeting scheduled on October 10, 2000; passed (4-0) unanimously.

13. Discussion and possible action related to the Microbial/Disinfection Byproducts Agreement.

Staff Recommendation: Concurs with the SFPUC General Manager's determination to communicate the City's support for the negotiated rule framework of the Federal Advisory Act Committee resulting from the Microbial/Disinfection Byproduct FACA Stage 2 M-DBP Agreement in Principle.

This item was continued to the next meeting by consensus of the Commission.

LEASES AND PERMITS

16. Discussion and possible action related to the jurisdictional transfer of Public Utilities Commission land located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues. (Continued from the meeting of September 12, 2000.)

Staff Recommendation: Declare the substation parcel property as surplus; request the Director of Property to prepare and submit a legislation to the Board of Supervisors to accommodate the jurisdictional transfer of 2,968 sq. ft. of land owned by the Public Utilities Commission, located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues to the Public Transportation Commission, at historical cost of \$2,166.64 to construct an electrical substation building; adopt the findings under the California Environmental Quality Act (CEQA) for approval of the Light Rail Alternative; and adopt mitigation measures described on the findings.

Moved by Commissioner Makras, seconded by Commissioner Cook to continue Item 16 to the next regular meeting scheduled on October 10, 2000; passed (4-0) unanimously.

CONSTRUCTION CONTRACTS

Award

17. Discussion and possible action related to Clean Water Program Contract No. CW-253.

Mr. Quan explained the item.

Commissioner Cook moved to adopt. He commented that there was only one bidder, and he wished it was more competitive, but it was not.

President Normandy seconded.

Commissioner Makras asked Mr. Quan about a note that the bidder was active in the bid discussion and inquired as to whether participation in the pre-bid conference meant giving them a contract. Mr. Quan explained that at the pre-bid conference the appearance of a contractor is an indication of interest in bidding. At the pre-bid there were twelve prospective bidders; however, only two actually met the certification requirements delineated by the steel structures painting consultant. The certification requirement was part of the contract because the Oceanside Plant is located in a corrosive environment. Certification was something the project team felt was absolutely necessary because the application of special materials needed a certain amount of experience and training. Jeffco Painting was the only responsive bidder submitting a bid on time. A subsequent bid was received the following day, but was deemed non-responsive because it was late.

Commissioner Makras asked if put out to bid, what would the engineer's estimate be. Mr. Quan replied that it would probably be much higher, more in line with that received.

Commissioner Makras continued to question as to whether this was based on a mistake? Mr. Quan replied that there were a limited amount of bidders qualified to submit bids. Commissioner Makras stated that UEB should be on the cutting edge as to the state of the market place. Mr. Quan replied that ideally that should be so but oftentimes market conditions prevented from being exact.

Commissioner Makras stated that given the foregoing, he did not know whether we should spend the manpower providing our own engineer's estimates if we were not going to adhere to it. Mr. Quan explained that the engineer's estimate is basically a guess at what the marketplace dictates. He cited as an example, buying a house. A house is placed on the market, the seller has in mind a price but if the market is active, buyers will bid up and the seller will receive a better price than the one originally anticipated. Here there were a limited amount of bidders and in the

State of California there are only three that are certified QP-1. Two out of the three submitted bids.

Commissioner Makras asked why this item wasn't sole sourced. Mr. Quan replied that UEB try to get competitive bids as much as possible and that many people could have qualified within the time period. At the time of bidding staff knew there were three but during the pre-bid twelve contractors showed up; UEB assumed that they could be qualified by the time the bids were received. It is unfortunate that only two submitted bids.

Moved by Commissioner Cook, seconded by President Normandy to adopt Item 17; passed (3-1). Commissioner Makras voted nay.

Resolution No. 00-0231: Award Clean Water Program Contract No. CW-253, Oceanside Water Pollution Control Plant Digester Complex and Gas Holder Coatings Rehabilitation, in the amount of \$282,221 to Jeffco Painting and Coating, Inc.

Amend

18. Discussion and possible action related to San Francisco Water Department Contract No. WD-2294.

Mr. Quan explained the item. The primary reason for the contract modification was that erosion along Alameda Creek was considerably heavier than anticipated. The design phase of the project was due prior to the El Niño storms and when the contract was issued it had not been realized how much erosion had taken place. Dept. of Fish and Game permit allowed for construction between April and October. The contract was awarded in September 1999 which gave just a month to do work, so Fish and Game were asked for an extension.

Commissioner Makras stated that if the erosion was one of the main reasons for the delay, why under the "deletion of work" did UEB delete allowance for environmental mitigation? Mr. Quan replied that staff had it structured to allow for environmental mitigation. Fish & Game had not determined the type of mitigation work and that information did not come in until after the contract was awarded.

Commissioner Makras moved the item. However, he stated that he had mentioned under New Business Section, his concern over the extension of contracts and this one specifically had caught his eye. A 255-day extension seemed excessive.

President Normandy welcomed Commissioner Makras's remarks and seconded the motion but asked that Commissioner Makras's comments be addressed under New Business.

Moved by Commissioner Makras, seconded by Commissioner Normandy, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0232: Approve Modification No. 1 to San Francisco Water Department Contract No. WD-2294, Alameda Creek Diversion Dam – Erosion and Miscellaneous Repairs, in the debit amount of \$61,404 and time extension of 255 calendar days; approve the transfer of \$80,000 from Watershed Roads Reconstruction Project to Alameda Creek Diversion Dam Project.

Close

19. Discussion and possible action related to San Francisco Water Department Contract No. 2208.

Staff Recommendation: Accept work performed for San Francisco Water Department Contract No. 2208, Sunset Supply Pipeline Replacement at Kaiser Hospital, South San Francisco; approve Contract Modification No. 1 in the debit amount of \$10,398 with a time extension of 96 days; and authorize final payment of \$12,523 to Shaw Pipelines, Inc.

Item 19 was continued to the next regular Commission meeting scheduled on October 10, 2000 by consensus of the Commission.

PROFESSIONAL SERVICE CONTRACTS

Award

20. Discussion and possible action related to a Financial Advisory Services Contract.

Staff Recommendation: Authorize the Assistant General Manager for Finance and Administration to negotiate and enter into a two-year contract with Montague/DeRose and Associates-Kitahata and Company to provide financial advisory services, at a cost not-to-exceed \$250,000.

Item 20 was continued to the next regular Commission meeting scheduled on October 10, 2000 by consensus of the Commission.

21. Discussion and possible action related to Contract No. CS-520 - Operation and Maintenance of a Cogeneration Facility at the Southeast Water Pollution Control Plant. (Continued from the meeting of September 12, 2000.

Staff Recommendation: Award a contract to Sierra Detroit Diesel Allison to operate and maintain a cogeneration plant at the Southeast Water Pollution Control Plant for a period of up to five years following Commercial Operation for \$1,157,540.

Item 21 was continued to the next regular Commission meeting scheduled on October 10, 2000 by consensus of the Commission.

CLOSED SESSION

22. Public comments on matters to be discussed in Closed Session.

There were no public comments.

23. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Cook, seconded by Commissioner Caen, to assert the attorney-client privilege; passed (4-0) unanimously.

At 5:09 P.M. to 5:15 P.M., the meeting was recessed.

The Public Utilities Commission went in Closed Session at 5:15 P.M. to discuss the following matters:

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation:	As Plaintiff and as Defendant
Property:	500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating:	Lymburn/Malamut City of Pleasanton
Under Negotiation:	Terms and Conditions

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, and Deputy City Attorney John Malamut.

No action was taken.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A):

Anticipated Litigation: As Defendant
Regarding Hetch Hetchy Water and Power Contract Disputes.

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, and Deputy City Attorney Theresa Mueller, Assistant General Manager for Finance & Administration William Berry, Assistant General Manager for Operations Lawrence T. Klein, Acting Hetch Hetchy General Manager Laurie Park, Bureau of Strategic and Systems Planning Manager Michael Carlin.

No action was taken.

26. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

Present were President Normandy, Vice President Makras, Commissioner Cook, and Commissioner Caen.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 5:24 P.M. Commissioner Caen was excused.

27. Announcement following Closed Session.

President Normandy announced that there were no actions taken during Closed Session.

28. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Cook, seconded by Commissioner Makras, not to disclose the discussions during Closed Session; passed (3-0) unanimously.

Thereupon, the meeting was adjourned: 5:26 P.M.

Jill R. Thompson
Secretary



San Francisco Public Utilities Commission
City and County of San Francisco

3/00
Special

Willie L. Brown, Jr.
MAYOR

AGENDA

SPECIAL MEETING

October 3, 2000
12:00 NOON

City Hall, Room 408
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-5163; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

San Francisco Lobbyist Ordinance

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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

PROFESSIONAL SERVICE CONTRACTS

Award

4. Discussion and possible action related to a Financial Advisory Services Contract. (Continued from the meeting of September 26, 2000). (Berry)

Staff Recommendation: Authorize the Assistant General Manager for Finance and Administration to negotiate and enter into a two-year contract with Montague/DeRose and Associates-Kitahata and Company to provide financial advisory services, at a cost not-to-exceed \$250,000.

CLOSED SESSION

5. Public comments on matters to be discussed in Closed Session.
6. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING:

7. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A):

Anticipated Litigation: As Defendant
Regarding Hetch Hetchy Water and Power Contract Disputes.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

8. Announcement following Closed Session.
9. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 4th Floor
San Francisco, CA 94103

#41

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San Francisco Public Utilities Commission City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

SPECIAL MEETING

October 3, 2000
12:00 NOON
City Hall, Room 408
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



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ORDER OF BUSINESS:

1. Call to Order: 12:06 P.M.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Frank L. Cook, Commissioner Ann Moller Caen

Excused - Commissioner Ashok Bhatt
3. Public Comments

There were none.

PROFESSIONAL SERVICE CONTRACTS

Award

4. Discussion and possible action related to a Financial Advisory Services Contract. (Continued from the meeting of September 26, 2000).

William Berry, Assistant General Manager for Finance & Administration, reported that staff received three proposals for the contract. Staff recommended that the contract be awarded to Montague/DeRose-Kitahata for two years for \$250,000 as recommended by the Commission plus additional compensation for any work directly related to issuing bonds. Staff also recommended renewal of the contract on an annual basis.

Commissioner Makras asked what fees would be paid to the contractor should they sell bonds. Phil Arnold of the Bureau of Finance replied that the contract provides a maximum fee of \$75,000 for issuance of new bonds based on the number of hours spent by the financial team. For refunding or restructuring of debts, the fee range is between \$70,000 and \$95,000 for each issuance. The Mayor's Office of Public Finance concurred with the proposed fee, as it is comparable to the fees that they pay.

Commissioner Makras questioned why the additional work was not addressed in the RFP. Mr. Berry explained that the contractor would not be selling bonds. They would be providing consulting services and helping the SFPUC structure the actual bonds and transactions. Bonds would be sold to underwriting firms and they will be compensated through that transaction.

Commissioner Makras commented that there is conflict when financial advisory services and debt issuance are put together in one contract. Mr. Berry responded

that there would be no conflict. It is typical to have the same firm providing financial advice as well as preparing documentations for debt issuance. With regard to fees, the financial advisor would be paid \$250,000 for general financial advisory services. They will be compensated an additional fee when they perform special transactions for debt issuance depending on the number of transactions they do and the amount of work they spend on each transaction.

Commissioner Makras expressed concerns about not having a cap on revenue for issuing debt. Commissioner Cook expressed the same concerns. Mr. Berry assured the Commission that they would have opportunity to approve each specific transaction.

Commissioner Caen pointed out the need to hire a financial advisor and the fact that it is unknown how much debt we are going to issue. She commented that the item was straightforward and she does not see any other way of structuring it. Commissioner Makras stated that the agenda item could have clearly stated the cost of professional services and the revenue for issued debts or refinancing. The bids could have been more competitive if the proposers knew the total contract amount and the scope of work. Commissioner Caen noted that putting a cap on it would prevent us from issuing other debt. Commissioner Makras stated that the contract could be amended to continue their services if necessary.

John P. Mullane, General Manager of Public Utilities, suggested providing a cap on the issued debt income with the understanding that staff could return and ask approval for extension depending on the debt amount that is going to be issued.

President Normandy inquired as to the urgency of the contract. He suggested moving forward with staff's recommendation without a cap on debt issuance revenue and that the Commission will review each transaction and decide on the fees to be awarded on a case-by-case basis.

Mr. Berry spoke to the urgency of approving the item. He said the services of the financial advisor is needed in preparing the Long-Range Financial Plan which is due to the Commission in November along with the Capital Improvement Program. With regard to the structure of the contract, he suggested a two-year term which would spell out the terms and conditions on general advisory services and on any transaction. The contract as structured now is based on how much would be charged for any type of work. If that language were removed, we would have to go through a whole contract process every time we issue bonds. He suggested amending the resolution to provide that the Commission will approve the amount of payment to the financial advisor in connection with each transaction or establish a cap.

President Normandy commented that given the urgency of the item he would recommend adopting the resolution as presented and having the Commission review the individual transaction on a case-by-case basis rather than establishing

caps. Commissioner Makras disagreed to the case-by-case review, as he believed that does not give the Commission latitude. He reiterated his concern that the agenda item was unclear as to whether the rates for bond issuance was beneficial to the SFPUC. There were no rate sheets submitted with the item. Mr. Berry explained that the bidders were asked to include hourly rates for each class of employees. The rates would be the same for all types of transactions and the only difference is the amount of work required for each transaction.

Commissioner Makras stated that he would support the agenda item. He requested staff to provide detailed information on billings from the consultant for the first year so that he could review its performance and specifics of the rates and charges.

President Normandy stated that continuation of the contract to two years would be predicated on the Commission's review of the details of the contract in the first year.

Moved by Commissioner Makras, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0233: Authorize the Assistant General Manager for Finance and Administration to negotiate and enter into a two-year contract with Montague/DeRose and Associates-Kitahata and Company to provide financial advisory services, at a cost not-to-exceed \$250,000.

CLOSED SESSION

5. Public comments on matters to be discussed in Closed Session.

There were no public comments.

6. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Cook, seconded by Commissioner Makras, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 12:37 P.M. to discuss the following:

7. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A):

Anticipated Litigation: As Defendant
Regarding Hetch Hetchy Water and Power Contract
Disputes.

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Assistant General Manager for Finance and Administration William Berry, Acting Hetch Hetchy General Manager Laurie Park, Deputy City Attorney Theresa Mueller, and Bureau of Strategic and Systems Planning Manager Michael Carlin.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 2:00 P.M.

8. Announcement following Closed Session.

President Normandy announced that no action was taken on Item 7.

9. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Cook, seconded by Commissioner Caen, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 2:03 P.M.

Jill R. Thompson
Secretary



San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

October 10, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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City Distribution Division
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Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality.

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-5163; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

San Francisco Lobbyist Ordinance

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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a. Report on Overtime. 7 mins. (Jacobo)
 - b. Rights-of-Way Issues. 2 mins. (Mullane)
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

9. Discussion and possible action related to the SFPUC Commercial Paper Program. (Continued from the meeting of September 26, 2000.) (Berry)

Staff Recommendation: Increase the size of the SFPUC Commercial Paper Program from \$150 million to \$250 million.

10. Discussion and possible action related to filtration avoidance. (Continued from the meeting of September 26, 2000. Proposed for continuance to October 24, 2000.) (Leonard)

Staff Recommendation: Affirm SFPUC practices and policy to take all actions necessary to maintain the "filtration avoidance" status for the Hetch Hetchy system.

11. Discussion and possible action related to the Microbial/Disinfection Byproducts Agreement. Continued from the meeting of September 26, 2000. Proposed for continuance to October 24, 2000.) (Leonard)

Staff Recommendation: Concurs with the SFPUC General Manager's determination to communicate the City's support for the negotiated rule framework of the Federal Advisory Act Committee resulting from the Microbial/Disinfection Byproduct FACA Stage 2 M-DBP Agreement in Principle.

LEASES AND PERMITS

12. Discussion and possible action related to Bay Area Gardeners Association. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a permit with Bay Area Gardeners Association, a non-profit organization, for the operation and maintenance of a children's playground on Parcel Nos. 2206(3), 2834(4), 2076, 2077, 2078 and portion of Parcel No. 2073 of Bay Division Pipeline Nos. 1 and 2 right of way located in Redwood City.

13. Discussion and possible action related to the jurisdictional transfer of Public Utilities Commission land located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues. (Continued from the meeting of September 26, 2000.) (Dowd)

Staff Recommendation: Declare the substation parcel property as surplus; request the Director of Property to prepare and submit a legislation to the Board of Supervisors to accommodate the jurisdictional transfer of 2,968 sq. ft. of land owned by the Public Utilities Commission, located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues to the Public Transportation Commission, at historical cost of \$2,166.64 to construct an electrical substation building; adopt the findings under the California Environmental Quality Act (CEQA) for approval of the Light Rail Alternative; and adopt mitigation measures described on the findings.

CONSTRUCTION CONTRACTS

Advertise

14. Discussion and possible action related to San Francisco Water Department Contract No. WD-2334. (Quan)

Staff Recommendation: Approve the final plans and specifications; and authorize bid call for San Francisco Water Department Contract No. WD-2334, Castlewood Water Supply: Well and Pump Stations.

15. Discussion and possible action related to San Francisco Water Department Contract No. WD-2346. (Quan)

Staff Recommendation: Approve the final plans and specifications and authorize bid call for San Francisco Water Department Contract No. WD-2346, Millbrae Administration Building Seismic Upgrade/Remodel; and authorize transfer of a total of \$337,930 to the project.

Award

16. Discussion and possible action related to San Francisco Water Department Contract No. WD-2297. (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2297, 6 & 8-Inch Ductile Iron Main Installation in Morris, Harriet and Other Streets, in the amount of \$642,568 to JMB Construction.

17. Discussion and possible action related to San Francisco Water Department Contract No. WD-2344. (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2344, Forest Hill Steel Tank Replacement, in the amount of \$1,023,117 to Mitchell Engineering, Inc.

18. Discussion and possible action related to Clean Water Program Contract No. CW-245. (Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-245, Geary Street and Second Street Sewer Replacement, in the amount of \$223,309 to JMB Construction.

19. Discussion and possible action related to Clean Water Program Contract No. CW-255. (Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-255, 26th Avenue/ 37th Avenue/Arguello Boulevard Sewer Replacement, in the amount of \$354,204 to D'Arcy & Harty Construction, Inc.

Close

20. Discussion and possible action related to San Francisco Water Department Contract No. 2208. (Continued from the meeting of September 26, 2000.) (Quan)

Staff Recommendation: Accept work performed for San Francisco Water Department Contract No. 2208, Sunset Supply Pipeline Replacement at Kaiser Hospital, South San Francisco; approve Contract Modification No. 1 in the debit amount of \$10,398 with a time extension of 96 days; and authorize final payment of \$12,523 to Shaw Pipelines, Inc.

21. Discussion and possible action related to San Francisco Water Department Contract No. 2276. (Quan)

Staff Recommendation: Accept work performed for San Francisco Water Department Contract No. 2276, 6 & 8-Inch Ductile Iron Main Installation in Brannan Street between Delancey and Third Streets; in Second Street between Townsend and Harrison Streets; in Taber Place and in South Park Avenue between Second and Third Streets; approve Contract Modification No. 1 in the credit amount of \$54,660; and authorize final payment of \$24,000 to Shaw Pipeline, Inc.

PROFESSIONAL SERVICE CONTRACTS

Award

22. Discussion and possible action related to Contract No. CS-520 - Operation and Maintenance of a Cogeneration Facility at the Southeast Water Pollution Control Plant. (Continued from the meeting of September 26, 2000. (Park)

Staff Recommendation: Award a contract to Sierra Detroit Diesel Allison to operate and maintain a cogeneration plant at the Southeast Water Pollution Control Plant for a period of up to five years following Commercial Operation for \$1,157,540.

CLOSED SESSION

23. Public comments on matters to be discussed in Closed Session.
24. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation: As Plaintiff and as Defendant
Property: 500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating: Lymburn/Thompson/Malamut
City of Pleasanton
Under Negotiation: Terms and Conditions

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Schram Construction, Inc. v. CCSF, San Francisco Superior Court No. 308-165.

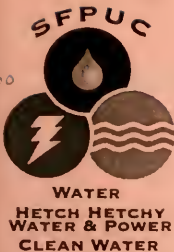
27. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

28. Announcement following Closed Session.
29. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

REGULAR MEETING

October 10, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

DOCUMENTS DEPT.

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DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:35 P.M.

2. Roll Call: Present - President E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Ann Moller Caen

Vice President Victor G. Makras arrived at 2:00 P.M.

Excused - Commissioner Ashok Bhatt

3. Approval of Minutes

Moved by Commissioner Caen, seconded by Commissioner Cook, to adopt the Minutes of the Regular Meeting of August 22, 2000 as amended, the Minutes of the Regular Meeting of September 12, 2000, and the Minutes of the Special Meeting of September 19, 2000; passed (3-0) unanimously.

4. Communications

No action was taken.

5. Old/Ongoing Business by Commissioners

Commissioner Caen referred to a letter from Mary Burns of San Mateo County Recreation and Parks, concerning the Crystal Springs Trail project funding. She asked whether the amount indicated on the letter was enough funding to complete the entire project. Commissioner Cook also inquired if they were expecting any more. President Normandy stated that funding for the project is coming from State and Federal grants. Mr. Mullane noted that no money would come from the SFPUC.

6. Introduction of New Business by Commissioners

There was no new business introduced.

7. Report of the General Manager

a. Report on Overtime.

Mr. Mullane stated that a memo was submitted to the Commission concerning overtime but he felt that the memo did not fully address the concerns of the Commission. He noted that staff had initiated an internal audit of overtime usage and would need more time to fully investigate the matter. He would report to the Commission with findings and

recommendations at the first Commission meeting in November. President Normandy asked if we are still able to meet the deadline for responding to the Civil Grand Jury. Mr. Mullane said he was working to complete this within 60 days. The Grand Jury also did not specify a deadline with which to respond. President Normandy directed staff to make sure that a response is submitted.

Commissioner Cook expressed concerns on whether it was necessary for supervisors to work overtime. Mr. Mullane responded that those employees were not actually supervisors but gatemen staffing operations 24 hours a day/7 days a week. He would investigate whether overtime worked was justified.

b. Rights-of-Way Issues.

Mr. Mullane reported that staff recently took two actions to implement various PUC policies. Those actions raised political interests and caused negative media coverage.

The first action initiated by Water Supply & Treatment Division was clearing right-of-way encroachments on the Peninsula. Staff notified various representatives of local municipalities where PUC properties are located, held public outreach meetings, and solicited support from the Bay Area Water Users Association as to the necessity of the action. Mr. Mullane recommended that the policy be enforced and carried forward.

The second action was made by the Bureau of Commercial Land Management where they notified nonprofit organizations about substantial increases in their rent for using PUC-owned lands. The nonprofit organizations have been paying a \$1 a year. The PUC policy is to charge rent based on fair market value of the land, discount it by 50%, and phase-in the rent payment over four years. Mr. Mullane mentioned that he wanted to review the methodology used in evaluating the rents to see if they were appropriate and to look into any possible mitigation, particularly for churches that do not utilize the property the majority of the time. He also instructed the Bureau of Commercial Land Management not to take punitive action if any of the organizations had not sent their first payment. He will report to the Commission when the review is completed.

Commissioner Cook expressed his support in increasing rents to help raise revenues for SFPUC. He stated that criticisms of the PUC were not justifiable. The non-profit organizations have been renting our properties for \$1 for a long time and now the Commission had found a way to manage our properties profitably. President Normandy likewise expressed his support for this approach and stated that the policy is fair and cognizant of the financial situations of all tenants and not only nonprofit organizations.

Juan Carlos Prado, Legislative Aide to San Mateo County Supervisor Rose Jacobs Gibson, commented that the proposed rent increases would have devastating impacts to non-profit and charitable organizations. He requested the Commission to reconsider the policy.

John P. Mullane, General Manager of Public Utilities, requested continuance of Items No. 10 and 11 to the call of the Chair and Item 22 to the next regular meeting scheduled on October 24, 2000. Commissioner Cook moved, seconded by Commissioner Caen to continue Items No. 10, 11 and 22 as requested; passed (3-0) unanimously.

8. Public Comments

There were no public comments.

REGULAR BUSINESS

Commissioner Makras arrived at 2:00 P.M.

9. Discussion and possible action related to the SFPUC Commercial Paper Program. (Continued from the meeting of September 26, 2000.)

Mr. William Berry, Assistant General Manager for Finance & Administration provided a brief history of the program. The Commission approved \$150 million commercial paper program last year and has \$27 million outstanding. Staff is planning to issue \$14 million later this week. Mr. Berry pointed out that he had provided further information in the agenda item and changed the resolution to reflect final approval by the Commission. The approval requested in the agenda item was to authorize staff to take necessary steps to expand the commercial paper program to \$250 million.

Commissioner Caen asked what was needed to be done if we were to go with the revenue bond option. Mr. Berry responded that a draft official statement with respect to bond issues would have to be prepared and that would take 2 to 3 months and another 2 to 3 months to get it out to market. Commissioner Caen stated that she would like to have this option available for SFPUC.

Commissioner Makras stated that he was voting against the item, as he did not believe it was necessary.

President Normandy stated that the Commission were confronted with the need for more information and concerns regarding interest rates and how we could be protected against sudden increases. He said the pros of the resolution are strong and that the expansion of the commercial program to \$250 million will allow for the release of Controller's reserve on \$89.3 million of spending on existing capital

projects and permit the completion of the Capital Improvement Program and Long-Range Financial Plan.

Moved by Commissioner Caen, seconded by Commissioner Cook, to adopt the following resolution; passed (3-1). Commissioner Makras voted nay.

Resolution No. 00-0234: Increase the size of the SFPUC Commercial Paper Program from \$150 million to \$250 million.

10. Discussion and possible action related to filtration avoidance. (Continued from the meeting of September 26, 2000.)

Staff Recommendation: Affirm SFPUC practices and policy to take all actions necessary to maintain the "filtration avoidance" status for the Hetch Hetchy system.

The Commission voted under General Manager's Report to continue Item 10 to the call of the Chair.

11. Discussion and possible action related to the Microbial/Disinfection Byproducts Agreement. (Continued from the meeting of September 26, 2000.)

Staff Recommendation: Concurs with the SFPUC General Manager's determination to communicate the City's support for the negotiated rule framework of the Federal Advisory Act Committee resulting from the Microbial/Disinfection Byproduct FACA Stage 2 M-DBP Agreement in Principle.

The Commission voted under the General Manager's Report to continue Item 11 to the call of the Chair.

LEASES AND PERMITS

12. Discussion and possible action related to Bay Area Gardeners Association.

Commissioner Cook expressed support for approval of the permit for education and recreational purposes.

Moved by Commissioner Cook, seconded by Commissioner Makras, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0235: Authorize the General Manager of Public Utilities to execute a permit with Bay Area Gardeners Association, a non-profit organization, for the operation and maintenance of a children's playground on Parcel Nos. 2206(3), 2834(4), 2076, 2077, 2078 and portion of Parcel No. 2073 of Bay Division Pipeline Nos. 1 and 2 right of way located in Redwood City.

13. Discussion and possible action related to the jurisdictional transfer of Public Utilities Commission land located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues. (Continued from the meeting of September 26, 2000.)

Commissioner Makras moved to adopt the item with the following changes: On page 3 of the resolution, paragraph No. 3, Line No. 6, beginning with "Railway activity", change "Commission" with "SFPUC", and insert "not" after "shall" so that the line reads: "Railway activity on the entire property being transferred, and the SFPUC shall not be responsible for the costs of investigation, assessment..."

Moved by Commissioner Makras, seconded by President Normandy, to adopt the following resolution as amended; passed (4-0) unanimously.

Resolution No. 00-0236: Declare the substation parcel property as surplus; request the Director of Property to prepare and submit a legislation to the Board of Supervisors to accommodate the jurisdictional transfer of 2,968 sq. ft. of land owned by the Public Utilities Commission, located at the Southeast Treatment Plant on Phelps Street between Jerrold and Galvez Avenues to the Public Transportation Commission, at historical cost of \$2,166.64 to construct an electrical substation building; adopt the findings under the California Environmental Quality Act (CEQA) for approval of the Light Rail Alternative; and adopt mitigation measures described on the findings.

CONSTRUCTION CONTRACTS

Advertise

14. Discussion and possible action related to San Francisco Water Department Contract No. WD-2334.

Commissioner Makras asked whether the contract requires the SFPUC to pay for connection fees for electrical and telephone services. Jane Li of the Utilities Engineering Bureau responded positively.

President Normandy asked why there was a big disparity between the engineering estimate (\$1.5 million) and total project cost (\$2 million). Mr. Mullane stated that they are budget items. \$30,000 and \$250,000 have been spent. The remaining amounts are budget estimates for the remainder of the project.

Moved by Commissioner Cook, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0237: Approve the final plans and specifications; and authorize bid call for San Francisco Water Department Contract No. WD-2334, Castlewood Water Supply: Well and Pump Stations.

15. Discussion and possible action related to San Francisco Water Department Contract No. WD-2346.

Staff Recommendation: Approve the final plans and specifications and authorize bid call for San Francisco Water Department Contract No. WD-2346, Millbrae Administration Building Seismic Upgrade/Remodel; and authorize transfer of a total of \$337,930 to the project.

Michael Quan, Utilities Engineering Bureau Manager, noted that the work proposed was to seismically strengthen the building to meet code requirements for an essential facility.

Commissioner Cook asked for clarification about the lease approved by the Commission over a year ago for the Water Supply and Treatment Division. Cheryl Davis, Manager of the Water Supply & Treatment Division stated that it was for the lease of Rollins Road for both Water Supply and Water Quality staff. Ms. Davis stated that she did not send her staff there, as she wanted essential functions to reside in Millbrae. Her plan was to move people from the trailer into the building.

President Normandy asked whether the building had been designated an essential facility. Mr. Quan said it was not; however, the building was built in 1979 according

to the 1973 Uniform Building Code and the Code had been updated since the Loma Prieta and Northridge earthquakes.

President Normandy inquired whether this item was a part of a bigger project approved by the Commission. Lena Ch'en responded that the project was approved as part of the overall budget.

Commissioner Makras stated that he would not support the item. He was concerned that the project was disguised as seismic work but it was actually expansion of office space. He believed that there were other buildings older than this that needed seismic work. He said we should retrofit our buildings by age just as we replace pipes by age.

Mr. Mullane recommended that staff break up the scope of work into five components and bring the item back so that the Commission can focus on the key elements of the project. He pointed out that the site would house staff responsible for responding to emergencies.

President Normandy asked how much was still available in the Millbrae Temporary Office Trailer Project. Ms. Chen would provide the information later.

Item 15 was continued to call of the Chair by common consent.

Note: Commissioner Makras was excused at 2:25 P.M.

Award

16. Discussion and possible action related to San Francisco Water Department Contract No. WD-2297.

Moved by Commissioner Cook, seconded by Commissioner Caen, to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 00-0238: Award San Francisco Water Department Contract No. WD-2297, 6 & 8-Inch Ductile Iron Main Installation in Morris, Harriet and Other Streets, in the amount of \$642,568 to JMB Construction.

17. Discussion and possible action related to San Francisco Water Department Contract No. WD-2344.

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2344, Forest Hill Steel Tank Replacement, in the amount of \$1,023,117 to Mitchell Engineering, Inc.

Mr. Quan noted that there were corrections on page 4 of the agenda item concerning MBE/WBE status of the five bidders. Mitchell Engineering is not a WBE. NCCI, Inc. is not an MBE. Proven Management is a local minority business enterprise and not a WBE. Aetna Government Services Corp. is not a local, nor minority, nor women-owned and therefore does not get any bid discounts. Seto's Construction is a local minority business enterprise and is not a WBE. He said those changes would not change the ranking.

President Normandy expressed concerns in approving an item that was faulty. He directed staff to bring the item back with the correct information.

Item 17 was continued to call of the Chair by common consent.

Note: Commissioner Makras returned at 2:30 P.M.

18. Discussion and possible action related to Clean Water Program Contract No. CW-245.

Moved by Commissioner Caen, seconded by Commissioner Cook, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0239: Award Clean Water Program Contract No. CW-245, Geary Street and Second Street Sewer Replacement, in the amount of \$223,309 to JMB Construction.

19. Discussion and possible action related to Clean Water Program Contract No. CW-255.

Moved by Commissioner Cook, seconded by President Normandy, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0240: Award Clean Water Program Contract No. CW-255, 26th Avenue/ 37th Avenue/Arguello Boulevard Sewer Replacement, in the amount of \$354,204 to D'Arcy & Harty Construction, Inc.

Close

Moved by Commissioner Cook, seconded by Commissioner Caen to adopt Items 20 and 21 together; passed (4-0) unanimously.

20. Resolution No. 00-0241: Accept work performed for San Francisco Water Department Contract No. 2208, Sunset Supply Pipeline Replacement at Kaiser Hospital, South San Francisco; approve Contract Modification No. 1 in the debit amount of \$10,398 with a time extension of 96 days; and authorize final payment of \$12,523 to Shaw Pipelines, Inc.
21. Resolution No. 00-0242: Accept work performed for San Francisco Water Department Contract No. 2276, 6 & 8-Inch Ductile Iron Main Installation in Brannan Street between Delancey and Third Streets; in Second Street between Townsend and Harrison Streets; in Taber Place and in South Park Avenue between Second and Third Streets; approve Contract Modification No. 1 in the credit amount of \$54,660; and authorize final payment of \$24,000 to Shaw Pipeline, Inc.

PROFESSIONAL SERVICE CONTRACTS

Award

22. Discussion and possible action related to Contract No. CS-520 - Operation and Maintenance of a Cogeneration Facility at the Southeast Water Pollution Control Plant. (Continued from the meeting of September 26, 2000.)

Staff Recommendation: Award a contract to Sierra Detroit Diesel Allison to operate and maintain a cogeneration plant at the Southeast Water Pollution Control Plant for a period of up to five years following Commercial Operation for \$1,157,540.

Commissioner Makras asked whether the union representatives were aware or did they have any objections to the operating & maintenance contract going to a private party. Mr. Mullane responded that the union representatives have been contacted and were present at the last meeting when this was originally scheduled. The union had initial resistance in the five-year window it will take for SFPUC staff to learn how to operate the facility. He said Laurie Park, Acting General Manager for Hetch Hetchy Water & Power, agreed to a 18-month to 2-year window. Commissioner Makras stated that he would like the union's concurrence on record.

President Normandy directed staff to get a written document from the union concerning their position and request the union's presence at the meeting to present their comments.

The Commission voted under General Manager's Report to continue Item 10 to October 24, 2000.

CLOSED SESSION

23. Public comments on matters to be discussed in Closed Session.

There were no public comments.

24. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Cook, seconded by President Normandy, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 2:37 P.M. to discuss the following matters:

Commissioner Cook was excused.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation:	As Plaintiff and as Defendant
Property:	500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating:	Lymburn/Malamut City of Pleasanton
Under Negotiation:	Terms and Conditions

Present were President Normandy, Vice President Makras, Commissioner Caen, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, and Commission Secretary Jill R. Thompson.

No action was taken.

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation:	Schram Construction, Inc. v. CCSF, San Francisco Superior Court No. 308-165.
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Present were President Normandy, Vice President Makras, Commissioner Caen, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, and Commission Secretary Jill R. Thompson.

Moved by Commissioner Caen, seconded by Commissioner Makras, to recommend a settlement; passed (3-0) unanimously.

Resolution No. 00-0243: Recommend a settlement in the case of Schram Construction, Inc. v. CCSF, San Francisco Superior Court No. 308-165.

Commissioner Cook returned at 2:45 P.M.

27. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

Present were President Normandy, Vice President Makras, Commissioner Caen, Commissioner Cook, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Bureau of Personnel Acting Manager Therese Madden, and Executive Search Consultant William Hawkins.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 3:45 P.M.

28. Announcement following Closed Session.

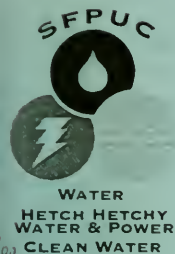
President Normandy announced the actions taken during Closed Session.

29. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Cook, seconded by Commissioner Makras, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 3:46 P.M.

Jill R. Thompson
Secretary



San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

October 24, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-5163; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site <http://www.ci.sf.ca.us/ethics/>.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a. Status Report on Program Management. 5 mins. (Kluesener, SFWA)
 - b. Public Meetings on Fluoridation. 7 mins. (Mullane)
 - c. Mission Valley Rock – Legislative Status. 2 mins. (Mullane)
8. Bay Area Water Users Association (BAWUA) General Manager's Report
 - a. BAWUA Member Activities. (Jensen)
9. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

10. Discussion and possible action related to Interim Water Shortage Allocation Plan. (Carlin)

Staff Recommendation: Adopt the Interim Water Shortage Allocation Plan for allocating water between the SFPUC and suburban wholesale water customers during water shortages.

11. Report on the progress of the implementation of the Lake Merced Comprehensive Management Plan. (Carlin)

Staff Recommendation: For discussion only.

12. Discussion and possible action related to William C. Olinger, Water Construction and Maintenance Superintendent. (Mullane)

Staff Recommendation: Adopt a resolution commending William Olinger on the occasion of his retirement from the San Francisco Public Utilities Commission.

LEASES AND PERMITS

13. Discussion and possible action related to ownership of the Balboa Reservoir. (Dowd)

Staff Recommendation: Authorizing the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco, a Memorandum of Understanding (MOU) with the City College of San Francisco (CC) regarding ownership of the Balboa Reservoir generally located north of Ocean Avenue and west of Phelan Avenue in San Francisco, California, and the proposed uses, development funding and implementation schedule.

CONSTRUCTION CONTRACTS

Advertise

14. Discussion and possible action related to San Francisco Water Department Contract No. WD-2302. (Quan)

Staff Recommendation: Approve the final plans and specifications; and authorize bid call for San Francisco Water Department Contract No. WD-2302, 8-Inch Ductile Iron Main Installation in Francisco Street between Columbus Avenue and Stockton Street; in Chestnut Street between Montgomery Street and Sansome Street; in Lombard Street between Powell Street and Stockton Street; and in Filbert Street between Mason Street and Grant Avenue.

Award

15. Discussion and possible action related to San Francisco Water Department Contract No. WD-2329. (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2329, College Hill Reservoir Seismic Retrofit & Improvement, for \$4,347,331 to Mitchell Engineering.

16. Discussion and possible action related to San Francisco Water Department Contract No. WD-2344. (Continued from the meeting of October 10, 2000.) (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2344, Forest Hill Steel Tank Replacement, in the amount of \$1,023,117 to Mitchell Engineering.

Close

17. Discussion and possible action related to Clean Water Program Contract No. CW-128. (Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-128, North Point Water Pollution Control Plant Improvements-Phase 3A; and authorize final payment of \$43,384 to Homer J. Olsen, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

18. Discussion and possible action related to legislative representation and advocacy services. (Carlin)

Staff Recommendation: Authorize the General Manager of Public Utilities to issue a Request for Proposal to provide legislative representation and advocacy services concerning water, energy, wastewater, and natural resources matters.

Award

19. Discussion and possible action related to Contract No. CS-520 - Operation and Maintenance of a Cogeneration Facility at the Southeast Water Pollution Control Plant. (Continued from the meeting of October 10, 2000.) (Park/Loiacono)

Staff Recommendation: Award a contract to Sierra Detroit Diesel Allison to operate and maintain a cogeneration plant at the Southeast Water Pollution Control Plant for a period of up to five years following Commercial Operation for \$1,157,540.

CLOSED SESSION

20. Public comments on matters to be discussed in Closed Session.
21. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

22. Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Property:	3+ acres of San Francisco Water Department property in Pleasanton off Bernal Avenue referred to as the Civic Center parcel.
Parties Negotiating:	Dowd/Lymburn/Malamut/Sullivan City of Pleasanton
Under Negotiation:	Terms and Conditions

23. Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Property: 500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating: Dowd/Lymburn/Malamut/Sullivan
GHC Bernal Investors LLC
Under Negotiation: Terms and Conditions

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b):

Anticipated Litigation: As Plaintiff
Potential claims against PG&E for overcharges.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(E):

Anticipated Litigation: As Defendant
Mr. John Edgcomb, representing Save Our Sunol, called the City Attorney's office on October 18, 2000 and stated that he would be filing suit against the City at the end of the month.

26. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property: 125 El Camino Del Mar
Parties Negotiating: Gary Dowd
The American Land Conservancy
Under Negotiation: Price and Terms

27. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

28. Announcement following Closed Session.

29. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 4th Floor
San Francisco, CA 94103

#41

Main Public Library
Government Information Center
100 Larkin Street, 5th Floor



San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

REGULAR MEETING

October 24, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

DOCUMENTS DEPT

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DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:37 P.M.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Frank L. Cook, Commissioner Ann Moller Caen, Commissioner Ashok Bhatt

3. Approval of Minutes

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the Minutes of the Special Meeting of October 3, 2000; passed (5-0) unanimously.

4. Communications

No action was taken.

5. Old/Ongoing Business by Commissioners

Commissioner Caen reiterated her previous request to staff to provide timelines for completing odor control projects.

6. Introduction of New Business by Commissioners

Commissioner Caen addressed the rising energy cost and asked what the PUC can do to help with the situation. She thought that PUC could issue a statement to the public about taking energy conservation measures.

Laurie Park, Acting General Manager of Hetch Hetchy Water & Power, responded that there were a number of State programs to help implement energy efficiency measures in California. On the Hetch Hetchy side, Ms. Park stated that they were continuing their efforts to implement energy efficiency measures within the general fund departments in the City. She noted that Hetch Hetchy used to fund retrofit projects for general fund department but could no longer fund them anymore. Staff is working with the offices of the Mayor and the Controller to identify municipal lease financing options for these types of projects.

President Normandy directed staff to look into how PUC could initiate immediate actions to implement energy conservation measures within the PUC, City departments and ratepayers. John Mullane, General Manager of Public Utilities, suggested sending notices to the public using the water bill insert program.

7. Report of the General Manager

Mr. Mullane introduced two new managerial appointees in the PUC. Carey Fletcher who is the new Communications Manager and Suzanne Arena who is the new Manager for Governmental Affairs.

Mr. Mullane noted that in the State of the City Address, Mayor Willie Brown, mentioned that the Board of Supervisors was currently holding up the Cogeneration Build Contract. Mayor Brown alluded that holding up the contract does a disservice to the Southeast community. He endorsed approval of the contract due to its major benefits to the community.

a. Status Report on Program Management.

John Kluesener of the San Francisco Water Alliance (SFWA) gave a status report on program management services. The SFWA contract was confirmed on September 21, 2000 and Notice to Proceed was issued on September 22. He said that 16 SFWA staff moved to 875 Stevenson Street on September 30.

Mr. Kluesener reported that the SFWA received eight task orders to date. Two of them were major tasks: program management services and the 10-year CIP baseline program. The program management services lays the groundwork for the overall program and processes and systems needed to manage SFPUC's Capital Improvement Program. With regard to the 10-Year CIP program task, SFWA was taking the information developed by the CIP 2000 team to develop conceptual cost estimates and priorities. They would have the first cut schedule in 3-1/2 months. The SFWA team is also reviewing the cost estimates of three major projects with the end in view of improving the cost estimate database program.

Commissioner Makras asked whether SFWA had received their first year's performance measure tasks. Mr. Kluesener stated that they were embodied in the program management services contract. Commissioner Makras asked about key performance measures for the eight tasks SFWA had already received. Mr. Kluesener stated that they were aware of the goals of the tasks given to date. They are also looking at submitting monthly reports based on information given by all departments.

Regarding MBE goals, Mr. Kluesener stated that for the eight task orders, they met 9% of the 10% WBE goal and 20% of the 30% MBE goal.

Commissioner Makras inquired what the goal was for receiving task orders for the first year of the contract. Mr. Kluesener stated that the first 2 to 3 months of the program they expect to receive the majority of the tasks for the first 12 months of the contract. Mr. Mullane concurred.

Commissioner Cook inquired about the status of a training program for staff. Mr. Kluesener stated that they have been awarded the task order and they have started assessing specific areas to train people. They expect to come up with a defined training program within six to nine months.

President Normandy cautioned the involvement of the program management team in little tasks when they should be providing objective assistance to SFPUC in developing the Capital Improvement Program, prioritizing projects and putting the best costs to them. He suggested that SFWA get in touch with SFPUC's communications staff. He emphasized the need for continuing communication to ratepayers and stakeholders about the progress of the Capital Improvement Program. He encouraged SFWA to come to the Commission as soon as a problem develops.

b. Public Meetings on Fluoridation.

Mr. Mullane reported that SFPUC would be conducting public outreach meetings in San Jose and San Mateo sometime in November concerning fluoridation. He advised that there is a vocal minority that opposed fluoridation and possible negative media coverage about SFPUC. The meetings would hopefully enlighten the minority. Chief health officers of four counties that received our water were invited to talk about the benefits of fluoridation. Scientific data that fluoridation is safe and beneficial would be presented.

President Normandy asked what steps are being taken to make sure that public perception is balanced. Mr. Mullane responded that Water Quality staff had been working with the Communications group to provide a balanced report for the media. Mr. Andrew DeGraca, Water Quality Bureau Manager, stated that County health officers from San Francisco, San Mateo and Santa Clara were invited to the meeting as well as the Center for Communicable Diseases. They also sent letters to different Mayors and BAWUA agencies. President Normandy suggested getting as much input from all sectors as possible.

Mr. Arthur Jensen, BAWUA General Manager, stated that BAWUA agencies are conducting their own workshops on fluoridation in their own communities.

c. Mission Valley Rock Lease – Legislative Status.

Mr. Mullane reported that the Board of Supervisors passed a resolution urging the PUC to convene a public hearing to reconsider alternative uses for the PUC-owned land in Sunol. The SFPUC approved the lease of the land for quarrying. Mr. Mullane noted that Supervisor Ammiano also wanted

to hold a hearing before the Finance Committee on the quarry lease and other alternative proposals for the land. Both aspects were planned to be heard on the same day.

President Normandy asked whether the hearing before the Board could be scheduled sooner. Mr. Mullane said that the matter was declared to be under the 30-day rule of the Board and that November 15 was the earliest hearing date. Vicki Clayton, Utilities General Counsel, explained the 30-day rule. The President of the Board of Supervisors declared the matter to be under the 30-day rule. Any member of the Board after 30 days can bring the matter from the Finance Committee to the full Board on any Monday and request that the matter be brought to the Board next Monday.

Commissioner Makras suggested that staff hand deliver a letter to Supervisor Ammiano and that the letter state the fact that if a ballot initiative in Sunol should pass and this lease is not approved, the ratepayers would substantially be impacted with over a lifetime of rate increases in their water bills. He suggested that the letter should be positive in nature and recognizable of the Board's intent to expand the public process and at the same time state the grave consequences to San Francisco if it is further delayed. Commissioner Cook concurred with Commissioner Makras's suggestion. He said he could not see any other uses for the land that could provide larger economic benefits to San Francisco. Commissioner Caen also concurred and suggested that the letter emphasize the potential revenue of quarry operations and the much needed water storage. President Normandy directed staff to do as suggested.

Mr. Mullane suggested addressing the letter to all members of the Finance Committee rather than just one member. Commissioner Caen suggested sending copies to all members of the Board of Supervisors.

Mr. Jensen commented that he would encourage BAWUA members to send letters to the Finance Committee and the Mayor's Office to express their support for approval of the lease. A copy of the letter would be provided to the Commission.

8. Bay Area Water Users Association (BAWUA) General Manager's Report

a. BAWUA Member Activities.

Arthur Jensen, General Manager of the Bay Area Water Users Association, gave a presentation concerning activities undertaken by some BAWUA member agencies to improve the quality and reliability of water supply and service in their areas. The City of Redwood City is a participant in a joint water recycling water project through the South Bay Sewer Authority. They have initiated a general plan update emphasizing water supply expansion

and demand management. The City of Sunnyvale is building a two million gallon storage reservoir and is also working on transmission upgrades. The Alameda County Water District is involved in a supply protection and enhancement project desalinating groundwater near the bay. They are increasing their water reliability with a plan to build a 50,000 acre-feet of storage and they are currently negotiating for additional 10,000 acre-feet of storage. The Mid-Peninsula Water District (formerly known as Belmont) is looking into upgrading interties with neighboring systems and providing SCADA to these interties. They are also increasing their water storage capacity from 3 days to over five days. The County of San Mateo would be transferring the system to the City of East Palo Alto and a new storage will be provided.

President Normandy thanked Mr. Jensen for the presentation.

9. Public Comments on matters not on today's agenda.

There were none.

REGULAR BUSINESS

10. Discussion and possible action related to Interim Water Shortage Allocation Plan.

Michael Carlin, Manager, Bureau of Strategic and Systems Planning, showed overhead slides concerning the Interim Water Shortage Allocation Plan. He presented a background of the project, talked about the elements of the proposed plan and a comparison of the previous shortage allocation plan. He said the previous plan was not well conceived nor was it well received by the public in San Francisco and service areas. It was reactionary to drought and did not support water conservation or development of alternative supplies. The proposed interim allocation plan meets future drought requirements, satisfies the master contract with suburban customers, allocates water between SFPUC retail and wholesale customers collectively, establishes two shortage conditions - voluntary and mandatory rationing, provides water banking and transfers, and establishes excess use charge schedule. The plan is applicable to shortages up to 20% caused by drought.

Mr. Carlin also discussed the benefits of the plan, which include the ability to do more in-depth planning, manage limited supply, encourage water conservation, encourage development of recycled water and groundwater, and provide local and regional drought contingency planning. Mr. Carlin indicated that the plan is dependent upon the approval of the 29 wholesale customers.

President Normandy inquired about excess use charge multipliers. Mr. Carlin explained that the excess use charge multiplier was imposed during the last

drought and it was the rate charged to a customer who exceeds the allocated amount of water.

Commissioner Cook asked what would happen if we do not get the approval of all 29 customers. Mr. Carlin responded that the plan would not go into effect.

Commissioner Makras asked whether excess charges would be waived for a customer that implemented energy conservation retrofits. Mr. Carlin explained that excess use charges are imposed on wholesale customers if they exceeded their allocation at the wholesale meter and that goes to a specific account towards purchase of water or conservation measures. For individual customers, we have a tiered-rate system to level the playing field for those implementing water conservation measures.

Commissioner Makras asked what was being planned for retail customers during drought. Mr. Mullane responded that staff would bring back a specific plan for San Francisco. Mr. Carlin stated that it would be in the next couple of months.

Commissioner Caen inquired how could the plan encourage conservation. Mr. Carlin explained that the last time we had a drought the water was allocated based on previous year's use and that was not equitable. The proposal before the Commission allocates water between SFPUC and suburban customers equitably, and it encourages conservation among the 29 customers, continues to encourage conservation in San Francisco and development of alternative water supply.

Commissioner Caen asked further explanation concerning water bank credits and transfers of banked water. Mr. Carlin explained that carry over bank credit is provided as an incentive to know that the customers have some reserve water supply to draw on if needed. The plan does not allow people to carry over bank credits at the end of the shortage period. Also accumulation of bank credits will be stopped if it becomes excessive. Commissioner Caen asked if the bank credit figures were available. Mr. Carlin would provide it to the Commission.

Public Comments:

Arthur Jensen, General Manager of the Bay Area Water Users Association, commented that if there would be no unanimity from suburban agencies they would try to explore the reason and seek ratification of that, but he does not believe that there would be a problem with the suburban agencies not supporting the plan.

Patrick Sweetland, Director of Water and Wastewater Services of the City of Daly City, and a member of BAWUA Board of Directors, handed out a resolution adopted by the Bay Area Water Users Association endorsing the Interim Water Shortage Allocation Plan. He spoke in favor of the plan as it provides basis for future planning activities.

Ric Ferguson, member of the Utility Commission of the City Palo Alto commented in favor of the plan.

Commissioner Makras commented that the 1984 Settlement Agreement with suburban purchasers does not obligate SFPUC to approve an allocation plan. He stated that should we institute rationing we can simply agree on a plan and it will be up to our suburban customers to challenge our allocation. He suggested looking at the advantage of an optional agreement. He was concerned that the penalty rate outlined for excess usage was tied to no basis but our rates. He was not sure that it is prudent to agree on a penalty rate when we do not know the cost of water in a drought year. Since this contract allows us not to proceed with this we can impose any allocation plan based on facts rather than predicting the cost of water in drought situation. Mr. Carlin stated this is one of the items to be negotiated with the suburban customers within six months. He concurred that we were not required to have a shortage allocation plan but if we do not have a plan, and should there be a drought, we would base our allocations on previous year usage and that would not be equitable. He noted that the proposed plan was negotiated with suburban agencies.

Mr. Mullane pointed out that penalty charges offset the loss of revenue as consumption goes down and customers start conserving water. Revenues from penalty charges are also used to purchase additional water supply.

Commissioner Makras reiterated that he would rather make a decision based on facts and assess penalties based on the actual cost of water. He said he was voting against the item and he did not feel it necessary to adopt a plan when the Commission is totally and unequivocally protected by Section 7.03C of the settlement agreement with suburban customers. Mr. Carlin stated that the allocation plan is treated separately from the rate structure. The excess usage charge applies to the wholesale meter and is part of the rate structure.

Mr. Jensen commented that under the Water Supply Master Plan, measures were designed to increase the reliability of the system for existing customers and the purchase of water during a dry year is called for in the plan. Putting that measure into place mitigates impact of water shortages in case of drought and voids this kind of plan. He said the plan is a cost effective way to deal with purchase of water during dry years. He requested approval of the item.

President Normandy pointed out that the plan is interim to prepare for a possibility of drought. He directed staff to implement a conservation plan for ratepayers in San Francisco and look at a conservation plan that will extend beyond the 20% the plan calls for. He stated that he believed that it is in the City's best interest to move forward with the item.

Commissioner Caen moved to adopt the item and requested to remove the excess charge multiplier and work with BAWUA toward some conclusions.

Mr. Jensen stated that he would support moving it forward without the excess charge multiplier and would work with staff to develop a system to put that in place.

Commissioner Makras stated that the item looked better without the excess charge. However he disagreed that the plan was only interim as the document expires in year 2009. President Normandy suggested addressing the issues of the meaning of "interim" and the contract term at the time when we have approval of the 29 agencies and the item is brought back to the Commission.

Commissioner Makras requested staff to provide the Commission with a copy of the contract and the 1984 Settlement Agreement and any other resolutions that amended the contract. President Normandy directed staff to highlight sections in the contract that pertain to the resolution.

President Normandy directed staff to work on the plans for wholesale and retail customers, analyze what would happen if we were to exceed the 20%, and recommend incentives for San Francisco.

Commissioner Makras suggested that when a similar item comes up, that the item state whether the action requested is in accordance with an existing contract so that the Commission is aware as to whether or not they are obligated to pursue a resolution and what might have necessitated an action.

Moved by Commissioner Caen, seconded by Commissioner Cook to adopt the following resolution; passed (4-1). Commissioner Makras voted nay.

Resolution No. 00-0244: Adopt the Interim Water Shortage Allocation Plan for allocating water between the SFPUC and suburban wholesale water customers during water shortages.

11. Report on the progress of the implementation of the Lake Merced Comprehensive Management Plan.

Mr. Carlin gave a brief report concerning the Lake Merced Comprehensive Management Plan project. There is not much development at this time but staff is continually working with the Lake Merced Task Force to come up with resolutions to the lake water level, and recreation and natural resource issues. They also have been working to move ahead with eight conceptual designs with regards to the storm water canal and diversion program.

Commissioner Caen referred to a letter from Supervisor Mabel Teng that the SFPUC was not represented at the last meeting of the Task Force. Mr. Carlin stated that he was SFPUC's representative to the task force but he had a personal

emergency at that time and was unable to attend. He would respond and apologize in writing to Supervisor Teng. President Normandy suggested designating an alternate representative should Mr. Carlin is unable to make future meetings of the task force.

Commissioner Cook asked about water allocation to Lake Merced. Mr. Carlin will respond at a later date.

No action was taken on Item 11.

12. Discussion and possible action related to William C. Olinger, Water Construction and Maintenance Superintendent.

Moved by Commissioner Makras, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0245: Adopt a resolution commending William Olinger on the occasion of his retirement from the San Francisco Public Utilities Commission.

LEASES AND PERMITS

13. Discussion and possible action related to ownership of the Balboa Reservoir.

Gary Dowd, Manager of the Bureau of Commercial Land Management, pointed out that this action would be subject to a future property exchange agreement term with the City College of San Francisco, which has not been finalized. President Normandy noted that the item was to establish a Memorandum of Understanding to authorize staff to proceed with negotiations to reconfigure the property and negotiate the terms.

Moved by Commissioner Makras, seconded by Commissioner Caen to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0246: Authorizing the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco, a Memorandum of Understanding (MOU) with the City College of San Francisco (CC) regarding ownership of the Balboa Reservoir generally located north of Ocean Avenue and west of Phelan Avenue in San Francisco, California, and the proposed uses, development funding and implementation schedule.

CONSTRUCTION CONTRACTS

Advertise

14. Discussion and possible action related to San Francisco Water Department Contract No. WD-2302.

Moved by Commissioner Caen, seconded by Commissioner Cook to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0247: Approve the final plans and specifications; and authorize bid call for San Francisco Water Department Contract No. WD-2302, 8-Inch Ductile Iron Main Installation in Francisco Street between Columbus Avenue and Stockton Street; in Chestnut Street between Montgomery Street and Sansome Street; in Lombard Street between Powell Street and Stockton Street; and in Filbert Street between Mason Street and Grant Avenue.

Award

Items 15 and 16 were taken together.

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt Items 15 and 16; passed (5-0) unanimously.

15. Resolution No. 00-0248: Award San Francisco Water Department Contract No. WD-2329, College Hill Reservoir Seismic Retrofit & Improvement, for \$4,347,331 to Mitchell Engineering.
16. Resolution No. 00-0249: Award San Francisco Water Department Contract No. WD-2344, Forest Hill Steel Tank Replacement, in the amount of \$1,023,117 to Mitchell Engineering.

Close

17. Discussion and possible action related to Clean Water Program Contract No. CW-128.

Commissioner Makras expressed concerns with the substantial delay in completing the contract. The contract duration was 222 days and completed in 324 days.

Moved by Commissioner Makras, seconded by Commissioner Caen to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0250: Accept work performed for Clean Water Program Contract No. CW-128, North Point Water Pollution Control Plant Improvements-Phase 3A; and authorize final payment of \$43,384 to Homer J. Olsen, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

18. Discussion and possible action related to legislative representation and advocacy services.

Moved by Commissioner Makras, seconded by President Normandy to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0251: Authorize the General Manager of Public Utilities to issue a Request for Proposal to provide legislative representation and advocacy services concerning water, energy, wastewater, and natural resources matters.

Award

19. Discussion and possible action related to Contract No. CS-520 - Operation and Maintenance of a Cogeneration Facility at the Southeast Water Pollution Control Plant. (Continued from the meeting of October 10, 2000.)

Jon Loiacono of the Bureau of Water Pollution Control, talked about the aspects of the Operations and Maintenance (O&M) agreement that was part of the original contract to design and build a cogeneration plant. He explained that it was prudent to award the O&M agreement with the design build developer. He stated that the first two years of most projects require extensive staff time dealing with warranty and design issues and the design build developer should bear that burden. Staff requested a 5-year agreement with the option to cancel at anytime. Mr. Loiacono noted that Local 39, representing stationery engineers, was initially concerned with the O&M agreement but later supported a 2-year agreement.

Commissioner Makras pointed out that this a leap forward in the way we look at contracts. He suggested changing the term to two years and removing the liquidated damage cap of 30% of the total contract. The resolution does not address the liquidated damage but it was incorporated in the body of the contract.

Commissioner Makras moved, Commissioner Bhatt seconded to adopt the resolution as amended. Commissioner Caen voted nay as it did not call for a review of the contract after 2 years. The motion passed 4-1.

Commissioner Makras moved, and Commissioner Bhatt seconded to reconsider the item; passed (5-0) unanimously.

Laurie Park, Acting General Manager of Hetch Hetchy Water and Power, suggested a term for a period of two years with an option to extend up to 5 years. She stated that Sierra Detroit is an expert in the field and she did not expect that this is a highly risky operation but that she would like to work out all the bugs before the contract expires.

Commissioner Caen concurred with staff's recommendation, as it will suffice Local 39's request as well as continuity at the SFPUC. Commissioner Makras expressed reluctance with a five-year contract. He wanted to revisit it as something new at the end of two years rather than extending the contract. Commissioner Caen emphasized that the company is an expert in this area and there was not too many of them around.

President Normandy suggested amending the resolution to change the contract term to a period of two years with an option to extend to five years following commercial operation with annual reviews.

Commissioner Makras moved, Commissioner Bhatt seconded to adopt the resolution as amended; passed unanimously (5-0).

Resolution No. 00-0252: Award a contract to Sierra Detroit Diesel Allison to operate and maintain a cogeneration plant at the Southeast Water Pollution Control Plant for a period of up to two years following Commercial Operation.

CLOSED SESSION

20. Public comments on matters to be discussed in Closed Session.

There were no public comments.

21. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to assert the attorney-client privilege; passed (5-0) unanimously.

The Public Utilities Commission went into Closed Session at 3:50 P.M. to discuss the following matters:

22. Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Property: 3+ acres of San Francisco Water Department property in Pleasanton off Bernal Avenue referred to as the Civic Center parcel.
Parties Negotiating: Dowd/Lymburn/Malamut/Sullivan
City of Pleasanton
Under Negotiation: Terms and Conditions

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Deputy City Attorneys John Malamut and Charles Sullivan, and Bureau of Commercial Land Management Manager Gary Dowd.

No action was taken.

23. Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Property: 500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating: Dowd/Lymburn/Malamut/Sullivan
GHC Bernal Investors LLC
Under Negotiation: Terms and Conditions

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Deputy City Attorneys John Malamut and Charles Sullivan, and Bureau of Commercial Land Management Manager Gary Dowd.

No action was taken.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b):

Anticipated Litigation: As Plaintiff
Potential claims against PG&E for overcharges.

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R.

Thompson, and Hetch Hetchy Water & Power Acting General Manager Laurie Park.

No action was taken.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(E):

Anticipated Litigation: As Defendant
Mr. John Edgcomb, representing Save Our Sunol, called the City Attorney's office on October 18, 2000 and stated that he would be filing suit against the City at the end of the month.

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, and Commission Secretary Jill R. Thompson.

No action was taken.

26. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property: 125 El Camino Del Mar
Parties Negotiating: Gary Dowd
The American Land Conservancy
Under Negotiation: Price and Terms

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, and Bureau of Commercial Land Management Manager Gary Dowd.

No action was taken.

27. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, and Acting Bureau of Personnel & Training Manager Therese Madden.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 4:32 P.M.

28. Announcement following Closed Session.

President Normandy announced that no action was taken during Closed Session.

29. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Bhatt, seconded by Commissioner Caen, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

Thereupon, the meeting was adjourned: 4:33 P.M.

Jill R. Thompson
Secretary

SFPUC



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

1155 MARKET ST., 4TH FLOOR, SAN FRANCISCO, CA 94103 • TEL. (415) 554-3155 • FAX (415) 554-3161



WATER

HETCH HETCHY
WATER & POWER
CLEAN WATER

2/20
Spre. 1
Willie L. Brown, Jr.
MAYOR

E. Dennis Normandy
PRESIDENT
Victor G. Makras
VICE PRESIDENT
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

John P. Mullane, Jr.
GENERAL MANAGER

NOTICE OF SPECIAL MEETING

Notice is hereby given that the Public Utilities Commission of the City and County of San Francisco will meet on Friday, November 3, 2000 at 10:00 a.m. at 1155 Market Street, 4th Floor, San Francisco, California to discuss a personnel matter under Government Code Section 54957.

Jill R. Thompson
Secretary

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San Francisco Public Utilities Commission
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

SPECIAL MEETING

November 3, 2000
10:00 A.M.
1155 Market Street, 4th Floor

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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Customer Service
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Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held at 1155 Market Street, San Francisco, CA. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-5163; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

San Francisco Lobbyist Ordinance

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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

CLOSED SESSION

4. Public comments on matters to be discussed in Closed Session.
5. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

6. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

7. Announcement following Closed Session.
8. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 4th Floor
San Francisco, CA 94103

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Government Information Center
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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

SPECIAL MEETING

November 3, 2000
10:00 A.M.
1155 Market Street, 4th Floor

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

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Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 10:20 A.M.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Frank L. Cook, Commissioner Ann Moller Caen

Commissioner Ashok Bhatt arrived at 10:26 a.m.

3. Public comments on matters not on today's agenda.

There were none.

CLOSED SESSION

4. Public comments on matters to be discussed in Closed Session.

There were none.

5. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Cook, seconded by Commissioner Caen, to assert the attorney-client privilege; passed (3-0) unanimously.

The Public Utilities Commission went into Closed Session at 10:26 a.m. to discuss the following:

6. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, SFPUC General Manager John Mullane, and Bill Hawkins of The Hawkins Co.

Commissioner Bhatt arrived during Closed Session.

No action was taken on Item 6.

Vice President Makras, Commissioner Caen, and Commissioner Bhatt left the meeting at 10:49 A.M. President Normandy then adjourned the meeting at 10:50 A.M. due to lack of a quorum.

Jill R. Thompson
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

November 14, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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Water Supply & Treatment
Hetch Hetchy Water & Power
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John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) San Mateo County request for information (Mullane)
 - b) Status of CIP 2000 (Berry)
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

9. Discussion and possible action related to the Public Utilities Commission meeting of December 26, 2000. (Mullane)

Staff Recommendation: Cancel the Public Utilities Commission meeting of December 26, 2000.

10. Discussion and possible action related to power purchase agreement with Western Area Power Administration. (Park)

Staff Recommendation: Approve agreement to purchase power with Western Area Power Administration to serve low cost power for Treasure Island.

CONSTRUCTION CONTRACTS

Advertise

11. Discussion and possible action related to Clean Water Program Contract No. CW-248. (Quan)

Staff Recommendation: Approve the final plans and specifications, and authorize bid call for Clean Water Program Contract No. CW-248, Clay/Jones Streets Sewer Replacement.

12. Discussion and possible action related to Clean Water Program Contract No. CW-281. (Quan)

Staff Recommendation: Approve the final plans and specifications, and authorize bid call for Clean Water Program Contract No. CW-281, Funston Avenue/12th Avenue/Moraga Street Sewer Replacement.

Award

13. Discussion and possible action related to Clean Water Program Contract No. CW-239. (Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-239, Ashbury Street/Geary Boulevard/Masonic Avenue/Paul Avenue Sewer Replacement, in the amount of \$423,401 to Golden Pacific Construction, Inc.

14. Discussion and possible action related to Clean Water Program Contract No. CW-250. (Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-250, Capp/Hartford/Liberty/19th Streets Sewer Replacement, in the amount of \$548,308 to JMB Construction, Inc.

15. Discussion and possible action related to Clean Water Program Contract No. CW-260. (Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-260, Clean, De-root, Inspect and Seal Easement Sewers, in the amount of \$273,750 to JF Pacific Liners, Inc.

16. Discussion and possible action related to Clean Water Program Contract No. CW-262. (Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-262, Southeast Water Pollution Control Plant Roofing Project – Buildings 800, 900 and 940, in the amount of \$185,370 to Pioneer Roofing Organization.

17. Discussion and possible action related to San Francisco Water Department Contract No. WD-2316R. (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2316R, Sunol Valley Water Treatment Plant Improvement Project (SIP) Phase 1, in the amount of \$46,671,000 to Monterey Mechanical Company.

18. Discussion and possible action related to San Francisco Water Department Contract No. WD-2348. (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2348, Seismic Anchorage of Equipment at Harry Tracy Water Treatment Plant in San Mateo County in the amount of \$898,000 to Proven Management, Inc.

Amend

19. Discussion and possible action related to Hetch Hetchy Water & Power Contract WP-16R, Cherry Power Tunnel Rock Trap. (Park)

Staff Recommendation: Approve the transfer of funds and approve Modification No. 1 to Hetch Hetchy Water & Power Contract WP-16R increasing the contract by \$330,500 and extending the contract by 30 days to Mitchell Engineering.

Close

20. Discussion and possible action related to San Francisco Water Department Contract No. WD-2228. (Quan)

Staff Recommendation: Accept work performed for San Francisco Water Department Contract No. WD-2228, BDPL Nos. 1 and 2 Timber Trestle Repairs – Contract 3 of 5; approve contract modification No. 2 reducing the contract by \$18,622 for a final contract amount of \$815,558; and authorize final payment of \$20,494 to Miller/Thompson Constructors, Inc.

21. Discussion and possible action related to San Francisco Water Department Contract No. WD-2247. (Quan)

Staff Recommendation: Accept work performed for San Francisco Water Department Contract No. WD-2247, BDPL Nos. 1 and 2 Timber Trestle Repairs – Contract 4 of 5; approve modification No. 1 reducing the contract amount by \$14,745 for a final contract amount of \$1,006,155; and authorize final payment of \$5,000 to Miller/Thompson Constructors, Inc.

22. Discussion and possible action related to San Francisco Water Department Contract No. WD-2284. (Quan)

Staff Recommendation: Accept work performed for San Francisco Water Department Contract No. WD-2284, BDPL Nos. 1 and 2 Timber Trestle Repairs – Contract 5 of 5; approve modification No. 2 reducing the contract amount by \$27,830.80 for a final contract amount of \$552,283; and authorize final payment of \$225 to Miller/Thompson Constructors, Inc.

23. Discussion and possible action related to San Francisco Water Department Contract No. WD-2257. (Quan)

Staff Recommendation: Accept work performed for San Francisco Water Department Contract No. WD-2257, 8-Inch Ductile Iron Main Installation in Waller Street between Stanyan Street and Central Avenue; approve Modification No. 1 reducing the contract by \$30,690, for a final contract amount of \$590,110 and with a time extension of 12 calendar days; and authorize the final payment of \$20,000 to JMB Construction.

24. Discussion and possible action related to San Francisco Water Department Contract No. WD-2293. (Quan)

Staff Recommendation: Accept work performed for San Francisco Water Department Contract No. WD-2293, Backup Power for Water Quality Monitoring Stations; approve Modification No. 2 increasing the contract by \$11,645 for a final contract amount of \$209,145 and a time extension of 56 calendar days; and authorize final payment of \$13,719 to LTM Construction.

25. Discussion and possible action related to Clean Water Program Contract No. CW-230. (Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-230, Taber and Gough Streets Sewer Replacement; approve Contract Modification No. 1 increasing the contract amount by \$4,192 for a final contract amount of \$166,128 and time extension of 34 calendar days; and authorize final payment of \$65,526 to JMB Construction.

PROFESSIONAL SERVICE CONTRACTS

Advertise

26. Discussion and possible action related to Hetch Hetchy Water Treatment Project – Phase 2 Chloramine Conversion. (Mallett)

Staff Recommendation: Authorize the Utilities Engineering Bureau Manager to advertise and request proposals for Professional Services Agreement No. CS-660, Development and Implementation of the Chloramine Conversion Public Outreach Program in support of the Hetch Hetchy Water Treatment Project Phase 2.

Amend

27. Discussion and possible action related to the professional services contract with Bruce Lymburn. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute an amendment to the personal services contract with Bruce Lymburn, for work on the Bernal Property entitlement approvals and sale, extending the contract term to December 31, 2000.

CLOSED SESSION

28. Public comments on matters to be discussed in Closed Session.
29. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

30. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation:	As Plaintiff and as Defendant
Property:	500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating:	Lymburn/Malamut City of Pleasanton
Under Negotiation:	Terms and Conditions

31. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Schwartz)

Existing Litigation:	Santa Clara County Transit District v. City and County of San Francisco, Santa Clara Superior Court No. CV781561. Property: SFPUC Pipeline right-of-way running across Tasman Drive in San Jose, California aka APN 097-04-002.
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32. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position:	General Manager, Public Utilities
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FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

33. Announcement following Closed Session.
34. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

32
1
14/00
2



San Francisco Public Utilities Commission City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

REGULAR MEETING

November 14, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:35 P.M.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Frank L. Cook, Commissioner Ashok Bhatt
Excused - Commissioner Ann Moller Caen

3. Approval of Minutes

President Normandy requested that adoption of the Minutes of the Regular Meeting of September 26, 2000 be deferred until the next meeting for his further review.

Commissioner Makras moved, seconded by Commissioner Bhatt, to adopt the Minutes of the Regular Meeting of October 10, 2000; passed (4-0) unanimously.

4. Communications

There were no comments.

5. Old/Ongoing Business by Commissioners

There was no action taken.

6. Introduction of New Business by Commissioners

Commissioner Makras requested staff to report to the Commission on the status of California Water Service Company's application for various megahertz frequencies within the SFPUC service area.

President Normandy directed staff to respond to those individuals who have written the Commission concerning the SFPUC's right-of-way policy. He also directed staff to schedule a public hearing regarding the right of way policy on January 23, 2001. Commissioner Makras commented that the Commission have already heard public comments and have approved the policy. He was concerned that another public hearing would open up a process in which every individual would come before the SFPUC to plea their case and he did not want the policy undermined by individual complaints that may not be consistent with the overall goals of the Commission. He added that a representative from the Bay Area Water Users Association is present at each Commission meeting and that any suggestion that the policy was approved without public's input was incorrect.

President Normandy said that the Commission would not be involved in specific situations. He directed staff to consult with the Commission as to the structure of the hearing and make sure that everyone is heard without prejudice. Mr. Mullane suggested that ground rules had to be established at the beginning of the hearing.

Commissioner Cook emphasized the need to structure the meeting in such a way that not all individuals on our right of way will comment about their situation. President Normandy stated that each speaker would be given a 3-minute time limit.

President Normandy expressed concerns about deeded claims and requested staff to provide a report relative to deeded rights-of-way.

Commissioner Bhatt referred to an article in the San Francisco Chronicle concerning lead contamination in drinking water at some schools in San Francisco. Mr. Mullane responded that the water supply was not the issue in this case but the leaching plumbing fixtures in the schools. He would provide a written report to the Commission.

Public Comment:

Mr. Arthur Jensen, General Manager of the Bay Area Water Users Association (BAWUA), commented that BAWUA supports a uniform right-of-way policy and its implementation. He pointed out that their organization does not represent the property owners bringing right of way issues before the SFPUC.

7. Report of the General Manager

Mr. Mullane advised that the senior staff would be involved at a retreat doing strategic planning.

a) San Mateo County Request for Information.

Mr. Mullane reported that the San Mateo County Council requested various documents related to the adoption, implementation and enforcement of the right of way policy and copies of all agreements related to the use of right-of-way properties. Due to the huge volume of files involved, staff sought the assistance of the City Attorney's Office to come up with a compromise and ask San Mateo County to come up and review our files and identify what they want to reduce SFPUC staff's involvement.

b) Status of CIP 2000.

William Berry, Assistant General Manager for Finance & Administration, introduced Kingsley Okereke, the new Director of Finance starting November 13, 2000.

Mr. Berry presented electronic slides concerning the status of the 2000 SFPUC Capital Improvement Program. He gave a review of capital budget issues for the next fiscal year.

Mr. Berry described the process in which high priority projects were ranked. Staff started looking at over 270 projects at a total estimated cost of \$4.75 billion over the next 10 years. Staff developed a framework with high level objectives based on SFPUC mission statement to protect public health and safety, meet customer demands reliability, protect environmental resources, increase productivity and efficiency; protect utility assets and provide a safe and productive work place and used this framework in determining the importance and the need for each specific projects. He showed graphs to show the weightings for the projects.

Staff also developed a number of screening methods to identify projects that may not be high priority projects but were either mandated, already in construction or at 95% design process, or linked to other priority projects. Those were also added to the list of high priority projects. Mr. Berry stated that the comprehensive list of high priority projects totaled \$3.5 billion.

Mr. Berry noted that they were working with the San Francisco Water Alliance (SFWA) to do a detailed review of each project for adequacy of scope, description and validity of cost estimates, detailed cash flow, and financing requirements. SFWA committed to deliver information for the Clean Water Program in December and all four enterprises in February 2001. Mr. Berry stated that staff would return in February with a completed Capital Improvement Program, the long-range financial plan, and a strategic plan.

Mr. Berry pointed out that there would be a funding gap over the 10-year period and thus the reason to pursue additional funds. There would also be a funding gap based on the amount of capital request submitted for the next fiscal year. Commissioner Makras asked what staff was planning to do if funds were not available immediately. Mr. Berry responded that they would be presenting alternative financing options to the Commission. Staff have developed a framework to identify the highest priority and most compelling projects and would propose that the Commission use the same method to decide which projects should go forward first as we do not have funds for \$3.5 billion worth of high priority projects. Commissioner Makras

stated that since money will drive the CIP, he asked whether staff would be able to give a list of projects if given a dollar amount. Mr. Berry responded positively. Commissioner Makras then recommended looking at projects based on logical economic chances of succeeding.

Commissioner Makras requested staff to provide projections as to the ability of the construction industry to absorb the 10-Year Capital Improvement Plan. He was concerned about our experience in the past where we only had one bidder due to a busy construction season. He said this situation would result in higher cost and would cause us to set priorities differently on which job goes out first.

Mr. Quan stated that staff had been reaching out to contractors, and various trade associations with regard to forthcoming capital improvement projects over the years. He said he could not anticipate what other municipalities or other private agencies are issuing in the future. Commissioner Makras suggested asking assistance from the San Francisco Water Alliance to get information about what other agencies are doing.

President Normandy recommended that when staff presents the financial plan, that they provide the context and rationale for the long-term strategic plan and how projects were prioritized. He stressed the importance of knowing what the construction industry could bear so that the Commission can make decisions concerning priorities and funding.

Mr. Berry noted that staff was committed to return in February 2001 as we would be out of bond funds for the Clean Water Program and the Water Department and we have to be on the ballot for additional financing next year.

8. Public comments on matters not on today's agenda.

Emeric Kalman commented that the Draft Urban Water Management Plan was incomplete. He expressed concerns that there was not enough time for the public to comment on the plan due to the December 3, 2000 deadline. He also commented that the cost of recycled water costs 3 or 4 times more than the water delivered to customers. President Normandy advised that Mr. Kalman discuss his concerns with staff.

REGULAR BUSINESS

9. Discussion and possible action related to the Public Utilities Commission meeting of December 26, 2000.

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0253: Cancel the Public Utilities Commission meeting of December 26, 2000.

10. Discussion and possible action related to power purchase agreement with Western Area Power Administration.

Laurie Park, Acting General Manager for Hetch Hetchy Water & Power, explained that the agreement was to purchase low cost power from the Western Area Power Administration (WAPA) to support economic developments at Treasure Island and Yerba Buena Island. She talked about the terms and termination provisions of the agreement.

Commissioner Cook moved to adopt the resolution. Commissioner Makras stated he would second the motion but he thought the termination clause was not quite as good a deal as staff had suggested. He pointed out that the contract provides 90-day notice to terminate the service but termination takes effect two years later but the agenda item says differently. He also asked about the basis used to come up with a \$20 million contract value. Ms. Park explained that the contract provision means that we have 90 days notice of request to terminate and we have up to two years to exercise that right. In terms of the contract value, she said the \$20 million figure came after consultation with the City Attorney's Office and in compliance with the City's contract approval process to put a dollar cap on expenditures. Without a good basis, staff made an assumption based on present demand of 3 megawatts and WAPA allocation which is up to 5 megawatts over the 20 year period assuming that WAPA power could almost double in price. She stated that staff could report annually on how much power was taken and corresponding rates.

Commissioner Makras suggested that staff prepare an analysis of how they came up with the \$20 million, as it is the more prudent way of managing expenditures. President Normandy concurred with Commissioner Makras's comments. However, he believed that it would be difficult to make specific projections given the fact that development plans for Treasure Island were fluid.

Moved by Commissioner Cook, seconded by Commissioner Makras to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0254: Approve the agreement to purchase power with Western Area Power Administration to serve low cost power for Treasure Island.

CONSTRUCTION CONTRACTS

Advertise

Moved by Commissioner Makras, seconded by Commissioner Bhatt to adopt Items 11 and 12 collectively; passed (4-0) unanimously.

11. Resolution No. 00-0255: Approve the final plans and specifications, and authorize bid call for Clean Water Program Contract No. CW-248, Clay/Jones Streets Sewer Replacement.
12. Resolution No. 00-0256: Approve the final plans and specifications, and authorize bid call for Clean Water Program Contract No. CW-281, Funston Avenue/12th Avenue/Moraga Street Sewer Replacement.

Award

President Normandy recommended taking Items 13, 14, 15, 16, and 18 collectively.

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt Items 13, 14, 15, 16, and 18; passed (4-0) unanimously.

13. Resolution No. 00-0257: Award Clean Water Program Contract No. CW-239, Ashbury Street/Geary Boulevard/Masonic Avenue/Paul Avenue Sewer Replacement, in the amount of \$423,401 to Golden Pacific Construction, Inc.
14. Resolution No. 00-0258: Award Clean Water Program Contract No. CW-250, Capp/Hartford/Liberty/19th Streets Sewer Replacement, in the amount of \$548,308 to JMB Construction, Inc.
15. Resolution No. 00-0259: Award Clean Water Program Contract No. CW-260, Clean, De-root, Inspect and Seal Easement Sewers, in the amount of \$273,750 to JF Pacific Liners, Inc.
16. Resolution No. 00-0260: Award Clean Water Program Contract No. CW-262, Southeast Water Pollution Control Plant Roofing Project – Buildings 800, 900 and 940, in the amount of \$185,370 to Pioneer Roofing Organization.

18. Resolution No. 00-0261: Award San Francisco Water Department Contract No. WD-2348, Seismic Anchorage of Equipment at Harry Tracy Water Treatment Plant in San Mateo County in the amount of \$898,000 to Proven Management, Inc.
17. Discussion and possible action related to San Francisco Water Department Contract No. WD-2316R.

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2316R, Sunol Valley Water Treatment Plant Improvement Project (SIP) Phase 1, in the amount of \$46,671,000 to Monterey Mechanical Company.

Michael Quan, Utilities Engineering Bureau Manager, reported that the five bids received ranged from \$47 million to \$54 million, and were in excess of the engineer's estimate of \$39 million. At staff's request, the design consultant firm reviewed the engineer's estimate and found that there were mistakes in the original estimate and that the estimate should be revised to \$43, 680, 545.

Mr. Quan noted that the Human Rights Commission established an 18% MBE and 5% WBE participation goals. The low bidder, Monterey Mechanical, was unable to meet the subcontracting goals. Since Monterey Mechanical did not achieve the goals, HRC did a thorough analysis of whether they provided a good faith effort and determined that they provided compelling good faith efforts on the contract. Three protests were received with regard to the bidder's responsiveness in meeting HRC goals. HRC determined that the protests were without merit and Monterey was eligible for award of the contract.

Commissioner Makras commented that the project is very important and much needed. He commended HRC for reviewing the three protests and staking that the successful bidder met good faith efforts.

Commissioner Makras expressed concerns about the engineer's estimate being so far off. He said raising the engineer's estimate to match the bids received was not a good public policy and not proper for a very important project. He recommended consulting a third party, such as the San Francisco Water Alliance (SFWA), to look at this issue and provide an analysis of what went wrong and how it went wrong.

Commissioner Cook concurred with Commissioner Makras's comments. He suggested continuing the item to have SFWA review the estimates.

Mr. Quan noted that staff had already requested SFWA. However, the analysis had not been finalized in time for today's meeting. He called on a representative from SFWA to respond to the question. Mr. John Kluesener of the San Francisco Water Alliance stated that they reviewed the cost estimate and found that there were omissions and miscalculations within the cost estimate and some differences

in the inflation factor. After their review, SFWA estimated the project cost to be between \$45 million to \$47 million. Mr. Kluesener indicated that if the contract were to go out to bid again, we would get similar bid figures.

Commissioner Bhatt asked how could there be a 10% deficiency in the estimate. Carol Tate of Montgomery Watson, the design consultant, stated that it was all human error.

President Normandy concurred with continuing the item and directed staff to provide the written analysis prepared by the San Francisco Water Alliance.

Commissioner Makras inquired as to why this got into today's agenda and why did we not wait until SFWA had concluded their analysis. He emphasized the need for a sound documentation before we proceed with the contract. Mr. Mullane commented that the fact that SFWA was brought in was evidence that staff were also concerned. He pointed out that the engineer's estimate did not change what the market place dictated.

President Normandy directed staff to provide a written analysis concerning the project cost estimate and recommend corrective measures to prevent similar incidents with future construction contracts.

Moved by Commissioner Makras, seconded by Commissioner Cook to continue Item 17 to the call of the Chair; passed (4-0) unanimously.

Amend

19. Discussion and possible action related to Hetch Hetchy Water & Power Contract WP-16R, Cherry Power Tunnel Rock Trap.

Moved by Commissioner Makras, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0262: Approve the transfer of funds and approve Modification No. 1 to Hetch Hetchy Water & Power Contract WP-16R increasing the contract by \$330,500 and extending the contract by 30 days to Mitchell Engineering.

Close

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt Items No. 20, 21, 22, 23, 24, and 25 collectively; passed (4-0) unanimously.

20. Resolution No. 00-0263: Accept work performed for San Francisco Water Department Contract No. WD-2228, BDPL Nos. 1 and 2 Timber Trestle Repairs – Contract 3 of 5; approve contract modification No. 2 reducing the contract by \$18,622 for a final contract amount of \$815,558; and authorize final payment of \$20,494 to Miller/Thompson Constructors, Inc.
21. Resolution No. 00-0264: Accept work performed for San Francisco Water Department Contract No. WD-2247, BDPL Nos. 1 and 2 Timber Trestle Repairs – Contract 4 of 5; approve modification No. 1 reducing the contract amount by \$14,745 for a final contract amount of \$1,006,155; and authorize final payment of \$5,000 to Miller/Thompson Constructors, Inc.
22. Resolution No. 00-0265: Accept work performed for San Francisco Water Department Contract No. WD-2284, BDPL Nos. 1 and 2 Timber Trestle Repairs – Contract 5 of 5; approve modification No. 2 reducing the contract amount by \$27,830.80 for a final contract amount of \$552,283; and authorize final payment of \$225 to Miller/Thompson Constructors, Inc.
23. Resolution No. 00-0266: Accept work performed for San Francisco Water Department Contract No. WD-2257, 8-Inch Ductile Iron Main Installation in Waller Street between Stanyan Street and Central Avenue; approve Modification No. 1 reducing the contract by \$30,690, for a final contract amount of \$590,110 and with a time extension of 12 calendar days; and authorize the final payment of \$20,000 to JMB Construction.
24. Resolution No. 00-0267: Accept work performed for San Francisco Water Department Contract No. WD-2293, Backup Power for Water Quality Monitoring Stations; approve Modification No. 2 increasing the contract by \$11,645 for a final contract amount of \$209,145 and a time extension of 56 calendar days; and authorize final payment of \$13,719 to LTM Construction.

25. Resolution No. 00-0268: Accept work performed for Clean Water Program Contract No. CW-230, Taber and Gough Streets Sewer Replacement; approve Contract Modification No. 1 increasing the contract amount by \$4,192 for a final contract amount of \$166,128 and time extension of 34 calendar days; and authorize final payment of \$65,526 to JMB Construction.

PROFESSIONAL SERVICE CONTRACTS

Advertise

26. Discussion and possible action related to Hetch Hetchy Water Treatment Project – Phase 2 Chloramine Conversion.

Moved by Commissioner Makras, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

- Resolution No. 00-0269: Authorize the Utilities Engineering Bureau Manager to advertise and request proposals for Professional Services Agreement No. CS-660, Development and Implementation of the Chloramine Conversion Public Outreach Program in support of the Hetch Hetchy Water Treatment Project Phase 2.

Amend

27. Discussion and possible action related to the professional services contract with Bruce Lymburn.

Moved by Commissioner Cook, seconded by Commissioner Makras to adopt the following resolution; passed (4-0) unanimously.

- Resolution No. 00-0270: Authorize the General Manager of Public Utilities to execute an amendment to the personal services contract with Bruce Lymburn, for work on the Bernal Property entitlement approvals and sale, extending the contract term to December 31, 2000.

CLOSED SESSION

28. Public comments on matters to be discussed in Closed Session.

There was none.

29. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to assert the attorney-client privilege; passed (4-0) unanimously.

The Commission went into Closed Session at 2:56 P.M. to discuss the following items:

30. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c) and Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8 and Administrative Code Section 67.8:

Anticipated Litigation: As Plaintiff and as Defendant
Property: 500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County
Parties Negotiating: Lymburn/Malamut
City of Pleasanton
Under Negotiation: Terms and Conditions

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, and Commission Secretary Jill R. Thompson.

No action was taken.

31. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Santa Clara County Transit District v. City and County of San Francisco, Santa Clara Superior Court No. CV781561.
Property: SFPUC Pipeline right-of-way running across Tasman Drive in San Jose, California aka APN 097-04-002.

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, and Water Supply & Treatment Division Manager Cheryl Davis.

Moved by Commissioner Makras, seconded by Commissioner Cook to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0271: Recommend a settlement in the case of Santa Clara County Transit District v. City and County of San Francisco, Santa Clara Superior Court No. CV781561. Property: SFPUC Pipeline right-of-way running across Tasman Drive in San Jose, California aka APN 097-04-002.

32. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., and Utilities General Counsel Vicki Clayton.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 3:31 P.M.

33. Announcement following Closed Session.

President Normandy announced the actions taken during Closed Session.

34. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 3:33 P.M.

Jill R. Thompson
Secretary



San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

November 28, 2000
1:30 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

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Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-5163; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site <http://www.ci.sf.ca.us/ethics/>.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a. Urban Water Management Plan. 5 mins. (Carlin)
8. Bay Area Water Users Association (BAWUA) General Manager's Report
 - a. Key Milestones. (Jensen)
9. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

10. Discussion and possible action related to the emergency repair of the Moccasin penstock.
(Quan)

Staff Recommendation: Ratify the Declaration of Emergency made by the President of the Public Utilities Commission for the repair of the Moccasin penstock.

CONSTRUCTION CONTRACTS

Award

11. Discussion and possible action related to San Francisco Water Department Contract No. WD-2316R. (Continued from the meeting of November 14, 2000.) (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2316R, Sunol Valley Water Treatment Plant Improvement Project (SIP) Phase 1, in the amount of \$46,671,000 to Monterey Mechanical Company.

12. Discussion and possible action related to San Francisco Water Department Contract No. WD-2230. (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2230, Calaveras Potassium Permanganate Facility, in Alameda County, in the amount of \$1,773,984 to Proven Management, Inc.

13. Discussion and possible action related to San Francisco Water Department Contract No. WD-2347. (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2347, Pulgas Valve Lot Upgrade, in the amount of \$1,334,305 to Mitchell Engineering.

Amend

14. Discussion and possible action related to Clean Water Program Contract No. CW-205. (Quan)

Staff Recommendation: Approve Modification No. 1 to Clean Water Program Contract No. CW-205, 4th Avenue/5th Avenue/Paris Street Sewer Replacement, increasing the contract amount by \$101,703; and adding a time extension of 14 consecutive calendar days for a total contract duration of 84 days.

Close

15. Discussion and possible action related to Clean Water Program Contract No. 220. (Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-220, Third Street Sewer System Improvement – Phase II; approve contract modification No. 1 increasing the contract amount by \$81,389 with a time extension of 35 consecutive calendar days for a total contract duration of 200 consecutive calendar days; and authorize final payment in the amount of \$86,387 to Harty Pipelines, Inc.

CLOSED SESSION

16. Public comments on matters to be discussed in Closed Session.
17. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Simpson)

Existing Litigation: Esmaili et al vs. City of Millbrae et al, San Mateo Superior Court No. 410495; and Delgado et al vs. City of Millbrae et al, San Mateo Superior Court No. 414241.

19. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

20. Announcement following Closed Session.
21. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

November 28, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:35 P.M.
2. Roll Call: Present - President E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Ann Moller Caen, Commissioner Ashok Bhatt
Excused - Vice President Victor G. Makras
3. Approval of Minutes
There were no minutes submitted.
4. Communications
There were no comments or action taken.
5. Old/Ongoing Business by Commissioners
 - a. President Normandy referred to a letter from San Francisco State University Department of Public Safety requesting light improvements around the perimeter of the campus. John P. Mullane, General Manager of Public Utilities, stated that the Bureau of Light, Heat and Power were working on it.
 - b. President Normandy directed staff to respond to the letter from the Coastside County Water District dated October 20, 2000. Cheryl Davis, Water Supply & Treatment Division Manager, stated that staff was working with the City Attorney's Office on finalizing the response.
 - c. President Normandy thanked staff for providing the Vehicle Maintenance Report on October 19. He commented that the report described the policy and the process very well; however, it did not answer staff's concerns about the safety of the City vehicles assigned to them. He recommended polling employees who drive City vehicles to get their input concerning general vehicular use.

Mr. Mullane explained that any employee who has an assigned vehicle or the pool administrator was supposed to submit monthly cards to respective repair units to report the problems in the vehicle. He stated that the driver should see to it that any car problem is fixed.

Commissioner Cook commented that the employee operating the vehicle should be a good steward of the vehicle assigned to them and be responsible for proper maintenance and cleanliness of the vehicle.

President Normandy stated that we have a good policy in place; however, we have to make sure that we address the concerns of our employees.

- d. President Normandy directed staff to calendar an agenda item concerning the reconstitution of the Citizens Advisory Committee on Wastewater Management for the second regular Commission meeting scheduled on February 27, 2001.

6. Introduction of New Business by Commissioners

President Normandy noted that he received a letter from John F. Kennedy School of Government concerning an award they were giving called "Innovations in American Government". President Normandy stated that the SFPUC had completed outstanding projects in recent years that qualify us to apply for the award. He directed staff to look into this matter.

7. Report of the General Manager

a) Urban Water Management Plan.

Michael Carlin reported that staff would be bringing the Update to the Urban Water Management Plan for adoption by the Commission on December 12, 2000. He stated that the State of California Urban Water Planning Management Act requires an update to the existing Urban Management Plan every five years. The plan covers an updated program regarding water conservation and water shortage allocation. Notices as to the availability of the plan for public review were inserted in water bills. The deadline for public comments is December 4, 2000. The statutory deadline for submission of the update to the State is December 30, 2000.

Emeric Kalman commented that there was insufficient time for the public to comment on the plan update. He urged the Commission to postpone the discussion to a later date. He asked whether the Commission had reviewed the document.

Mr. Mullane stated that a notice of the meeting was inserted in customers' bills. It would also be advertised in the local newspaper on Thursday. He emphasized that when the item is calendared, there would be more ample time for staff to present the document. It would also be the appropriate time to discuss the subject at length.

President Normandy requested Mr. Kalman to discuss his concerns with Michael Carlin. In response to Mr. Kalman's question, he said that he had read the plan as had the rest of the Commission but they were not ready to comment as it was still in draft form.

b) Other Items

Mr. Mullane stated that San Francisco Water Alliance requested that their monthly reports to the Commission be scheduled the first meeting of the month.

He recommended continuance of Item 11 to the first meeting in December as requested by Commissioner Makras.

At Mr. Mullane's request, the Commission Secretary played a video tape of Channel 2's 10 O'clock News (My 20th Century Segment) featuring the Hetch Hetchy reservoir. The clip showed the making of the O'Shaughnessy Dam. Several members of the Sierra Club spoke and encouraged the idea of removing the dam and suggested storage of water be moved to another location, perhaps the Don Pedro Dam to allow the valley to regenerate itself. In summary, Mr. Mullane commented that the report was balanced and positive to San Francisco.

President Normandy thanked Beverly Hennessy, SFPUC's Public Relations Officer, for making sure that our story was correctly told. He suggested sending a thank you note to Steve McKenzie, who gave the news report.

8. Bay Area Water Users Association General Manager's Report

Arthur Jensen, General Manager of the Bay Area Water Users Association, gave a follow-up report concerning BAWUA's expectations on issues such as water quality, Capital Improvement Program, and financing plan.

Mr. Jensen noted that a progress report regarding the Water Supply Master Plan is forthcoming as required by the Commission. With respect to water quality, they are looking forward to improvements to the Sunol Water Treatment Plant and the staging of improvements overtime. Regarding the Capital Improvement Plan and Financial Plan, he said BAWUA understood the necessity of shifting the schedule to accommodate the review of San Francisco Water Alliance. It also made sense that the Commission requested that an overall strategic planning be brought forward. He asked that they be informed of why schedules changed and what were their impact on the CIP. Mr. Jensen stated that he expected all BAWUA member agencies would adopt the Interim Water Shortage Allocation. He noted that member agencies of BAWUA are doing their own Urban Water Management Plan. It was not BAWUA's intent to review each plan. They sent out advisory information on current laws and regulation, and they used information from the Water Supply Master Plan. With regard to Chloramination, he wanted to make sure that BAWUA agencies are prepared for conversion. He mentioned that last

summer, SFPUC staff surveyed member agencies on preparedness; and he suggested doing that twice a year to monitor their progress.

President Normandy commented that the increased communication between the Bay Area Water Users Association and SFPUC have proved beneficial to all sides.

9. Public Comments

There were no public comments.

REGULAR BUSINESS

10. Discussion and possible action related to the emergency repair of the Moccasin penstock.

Moved by Commissioner Caen, seconded by Commissioner Cook to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0272: Ratify the Declaration of Emergency made by the President of the Public Utilities Commission for the repair of the Moccasin penstock.

CONSTRUCTION CONTRACTS

Award

11. Discussion and possible action related to San Francisco Water Department Contract No. WD-2316R. (Continued from the meeting of November 14, 2000.)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2316R, Sunol Valley Water Treatment Plant Improvement Project (SIP) Phase 1, in the amount of \$46,671,000 to Monterey Mechanical Company.

Moved by Commissioner Bhatt, seconded by Commissioner Cook to continue Item 11 to the next regularly scheduled Commission meeting on December 12, 2000; passed (4-0) unanimously.

12. Discussion and possible action related to San Francisco Water Department Contract No. WD-2230.

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0273 Award San Francisco Water Department Contract No. WD-2230, Calaveras Potassium Permanganate Facility, in Alameda County, in the amount of \$1,773,984 to Proven Management, Inc.

13. Discussion and possible action related to San Francisco Water Department Contract No. WD-2347.

Moved by Commissioner Caen, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0274: Award San Francisco Water Department Contract No. WD-2347, Pulgas Valve Lot Upgrade, in the amount of \$1,334,305 to Mitchell Engineering.

Amend

14. Discussion and possible action related to Clean Water Program Contract No. CW-205.

Moved by Commissioner Caen, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0275: Approve Modification No. 1 to Clean Water Program Contract No. CW-205, 4th Avenue/5th Avenue/Paris Street Sewer Replacement, increasing the contract amount by \$101,703; and adding a time extension of 14 consecutive calendar days for a total contract duration of 84 days.

Close

15. Discussion and possible action related to Clean Water Program Contract No. 220.

Moved by Commissioner Cook, seconded by Commissioner Caen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 00-0276: Accept work performed for Clean Water Program Contract No. CW-220, Third Street Sewer System Improvement – Phase II; approve contract modification No. 1 increasing the contract amount by \$81,389 with a time extension of 35 consecutive calendar days for a total contract duration of 200 consecutive calendar days; and authorize final payment in the amount of \$86,387 to Harty Pipelines, Inc.

CLOSED SESSION

16. Public comments on matters to be discussed in Closed Session.

There were none.

17. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 2:30 P.M. to discuss the following matters:

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Esmaili et al vs. City of Millbrae et al, San Mateo Superior Court No. 410495; and Delgado et al vs. City of Millbrae et al, San Mateo Superior Court No. 414241.

Present were President Normandy, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Deputy City Attorney Louise Simpson, and Bureau of Finance Supervising Fiscal Officer Carlos Jacobo.

No action was taken.

19. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, and Commission Secretary Jill R. Thompson.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 3:00 P.M.

20. Announcement following Closed Session.

President Normandy announced that no action was taken during Closed Session.

21. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Cook, seconded by Commissioner Bhatt not to disclose the discussion during Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 3:01 P.M.

Jill R. Thompson
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA
SPECIAL MEETING

December 1, 2000
8:30 A.M.

*Hyatt Regency San Francisco**
5 Embarcadero Center
San Francisco, CA 94111
**Check Hotel Directory for Room*

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COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held at the Hyatt Regency at 5 Embarcadero Center in San Francisco, CA. The Hyatt Regency is located at the confluence of California, Drumm, and Market Streets. The closest accessible BART station is the Embarcadero Station at California/Main/Drumm/Market Streets. The majority of MUNI lines serve this location including the MUNI Metro to the Embarcadero Station. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking at Drumm and California or the Hotel's valet parking service can be utilized.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-5163; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site <http://www.ci.sf.ca.us/ethics/>.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

CLOSED SESSION

4. Public comments on matters to be discussed in Closed Session.
5. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

6. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

7. Announcement following Closed Session.
8. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 4th Floor
San Francisco, CA 94103

#41
Main Public Library
Government Information Center
100 Larkin Street, 5th Floor



San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

SPECIAL MEETING

December 1, 2000
8:30 A.M.
Hyatt Regency San Francisco
5 Embarcadero Center,
San Francisco, CA 94111

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 8:58 A.M.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Frank L. Cook, Commissioner Ann Moller Caen

Commissioner Ashok Bhatt arrived at 9:02 A.M.

3. Public comments on matters not on today's agenda.

There were none.

CLOSED SESSION

4. Public comments on matters to be discussed in Closed Session.

There were none.

5. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Cook, seconded by Commissioner Makras, to assert the attorney-client privilege; passed (4-0) unanimously.

Commissioner Bhatt arrived before the Commission went into Closed Session.

The Public Utilities Commission met in Closed Session at 9.03 a.m. to discuss the following:

6. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, Utilities General Counsel Vicki Clayton, Mayor's Chief of Staff Eleanor Johns, and Bill Hawkins of The Hawkins Company.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 4:54 P.M.

7. Announcement following Closed Session.

- President Normandy announced that no action was taken during Closed Session.

8. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

Thereupon, the meeting was adjourned: 4:55 P.M.

Jill R. Thompson
Secretary

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San Francisco Public Utilities Commission City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

December 12, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



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Disability Access

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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a. Theodore Roosevelt Award. 3 mins. (Davis)
 - b. Gas and Power Issues 10 mins. (Park)
 - c. Pulgas Water Temple. 7 mins.
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

9. Announcement following November 3, 2000 Closed Session which was adjourned due to lack of a quorum. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b): Position: General Manager, Public Utilities.
10. Motion regarding whether to disclose the discussions during November 3, 2000 Closed Session.
11. Public Hearing: To consider adoption of the 2000 Urban Water Management Plan Update. (Carlin)

Staff Recommendation: Adopt the Urban Water Management Plan.

12. Discussion and possible action related to filtration avoidance policy. (Leonard)

Staff Recommendation: Reaffirm SFPUC's policy to maintain the "filtration avoidance" status for Hetch Hetchy water; and direct staff to prepare and submit operating fund and capital project budget requests consistent with proactive maintenance of "filtration avoidance".

13. Discussion and possible action related to Hetch Hetchy Water Treatment Project Phase 2 – Chloramine Conversion. (Mallett)

Staff Recommendation: Approve Project CUW143, Hetch Hetchy Water Treatment Project Phase 2 – Chloramine Conversion subject to future action by the Commission; and adopt the California Environmental Quality Act (CEQA) Findings and Mitigation Monitoring and Reporting Program with respect to the Final Environmental Impact Report for the project.

14. Discussion and possible action related to the SFPUC Lead Reduction Program. (DeGraca)

Staff Recommendation: Direct the General Manager of Public Utilities to modify the existing Water Meter Replacement Program to use unleaded water meters at an annual cost not to exceed \$64,000, discontinue the purchase of leaded water meters, and include funding in the CDD FY 2001-2002 and subsequent years budgets to accomplish this policy.

15. Discussion and possible action related to reallocation of funds. (Quan)

Staff Recommendation: Approve the reallocation of a total of \$1,250,000 from Moccasin Reservoir Dredging Project to Priest Reservoir Bypass Project (\$725,000) and to O'Shaughnessy Dam Supply Well Modification Project (\$525,000).

16. Presentation regarding the SFPUC Outreach/Action Plan. (Fletcher)

Staff Recommendation: For information only.

LEASES AND PERMITS

17. Discussion and possible action related to a revocable permit with the City of San Jose. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a revocable permit with the City of San Jose for approximately .036 acres of SFPUC land located on Bay Division Pipeline Nos. 3 and 4, Right-of-Way Parcel 121 in the City of San Jose for use as a public bicycle and pedestrian path.

CONSTRUCTION CONTRACTS

Advertise

18. Discussion and possible action related to San Francisco Water Department Contract No. WD-2319. (Quan)

Staff Recommendation: Approve the plans and specifications; and authorize bid call for San Francisco Water Department Contract No. WD-2319; 6 and 8-Inch Ductile Iron Main Installation in 18th Street between Sanchez Street and South Van Ness; in Lapidge Street between 18th Street and 19th Street; and in Dorland Street between Dolores Street and Guerrero Street.

19. Discussion and possible action related to Clean Water Program Contract No. CW-243.
(Quan)

Staff Recommendation: Approve the plans and specifications; and authorize bid call for Clean Water Program Contract No. CW-243, Morris/Ritch/Sterling/Rincon Streets Sewer Replacement.

20. Discussion and possible action related to Clean Water Program Contract No. CW-285.
(Quan)

Staff Recommendation: Approve the plans and specifications; and authorize bid call for Clean Water Program Contract No. CW-285, Perry Street Sewer Replacement.

Award

21. Discussion and possible action related to San Francisco Water Department Contract No. WD-2316R. (Continued from the meeting of November 28, 2000.) (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2316R, Sunol Valley Water Treatment Plant Improvement Project (SIP) Phase 1, in the amount of \$46,671,000 to Monterey Mechanical Company.

22. Discussion and possible action related to Clean Water Program Contract No. CW-234.
(Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-234, Third Street Sewer System Improvements Phase III, in the amount of \$656,920 to Harty Pipelines, Inc.

23. Discussion and possible action related to Clean Water Program Contract No. CW-244.
(Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-244, Oak/McAllister/Folsom/Mission Streets Sewer Replacement, in the amount of \$742,640 to Shaw Pipeline, Inc.

24. Discussion and possible action related to Clean Water Program Contract No. CW-279.
(Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-279, Lake Street and Arguello Boulevard Sewer Replacement, in the amount of \$353,163 to JMB Construction, Inc.

Amend

25. Discussion and possible action related to Hetch Hetchy Water & Power Contract No. HH-888. (Quan)

Staff Recommendation: Approve Modification No. 2 to Hetch Hetchy Water & Power Contract No. HH-888, Moccasin Sewer Replacement, increasing the contract by \$75,000, for a total contract amount of \$1,513,800; and with a time extension of 30 consecutive days for a total contract duration of 180 consecutive calendar days.

Close

26. Discussion and possible action related to Clean Water Program Contract No. CW-123R.
(Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-123R, Harding Park Sewer Replacement; approve Modification No. 1 increasing the contract amount by \$38,628; and authorize final payment in the amount of \$97,736 to Trinet Construction/Troy's Contracting JV.

27. Discussion and possible action related to Clean Water Program Contract No. CW-212.
(Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-212, Post/Grove/Potomac Streets Sewer Replacement; approve Modification No. 1 increasing the contract amount by \$76,661 with a time extension of 11 calendar days; and authorize final payment in the amount of \$98,029 to J. Flores Construction Company, Inc.

28. Discussion and possible action related to Clean Water Program Contract No. CW-213.
(Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-213, Greenwich/Clement Street/Precita Avenue Sewer Replacement; approve Modification No. 1 increasing the contract amount by \$7,090; and authorize final payment in the amount of \$57,074 to J. Flores Construction Company, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

29. Discussion and possible action related to Agreement No. CS-654, Small Business Technical Assistance Program. (Medbery)

Staff Recommendation: Authorize the Manager of the Bureau of Environmental Regulation and Management to advertise and request proposals for Agreement No. CS-654, Small Business Technical Program, to provide specialized pollution prevention technical assistance to the Bureau of Environmental Regulation and Management.

Amend

30. Discussion and possible action related to the professional service agreement with EDAW, Inc. (Davis)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute Amendment No. 9 to the professional service agreement with EDAW, Inc. extending the contract expiration date by six months to June 30, 2001 at no additional cost to finalize the Comprehensive Peninsula Watershed Management Plan and Policy.

CLOSED SESSION

31. Public comments on matters to be discussed in Closed Session.
32. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS
THE FOLLOWING ITEMS:

33. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: St. Paul Insurance Co./Sammy Chan

34. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Mae Harvey v. City and County of San Francisco, San Francisco
Superior Court No. 302-170.

35. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and
San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL
RECONVENE IN PUBLIC SESSION.

36. Announcement following Closed Session.

37. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

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San Francisco Public Utilities Commission

City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

December 12, 2000
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:40 P.M.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Frank L. Cook, Commissioner Ann Moller Caen

Commissioner Ashok Bhatt arrived at 1:42 P.M.

3. Approval of Minutes

Moved by Commissioner Makras, seconded by Commissioner Cook, to adopt the Minutes of the Regular Meeting of October 24, 2000, the Minutes of the Special Meeting of November 3, 2000, and the Minutes of the Special Meeting of December 1, 2000; passed (5-0) unanimously.

Commissioner Makras requested a copy of Resolution No. 00-0244 adopted on October 24, 2000.

4. Communications

No action was taken.

5. Old/Ongoing Business by Commissioners

Commissioner Cook requested staff to provide a report concerning SFPUC's policy on background checks for hiring purposes. John P. Mullane, General Manager of Public Utilities, stated that a memo would be provided to the Commission within 30 days.

6. Introduction of New Business by Commissioners

There was none.

7. Report of the General Manager

Mr. Mullane noted that today's meeting would be the last meeting of the year.

- a. Theodore Roosevelt Environmental Award.

Cheryl Davis, Water Supply & Treatment Division Manager, reported that SFPUC received the "Theodore Roosevelt Award for Excellence in Natural Resources Management" from the Association of California Water Agencies. The award was given to recognize SFPUC's efforts in managing

environmental resources specifically for the adoption and implementation of the Alameda Creek Grazing Resource Management Plan. Ms. Davis presented the award to the Commission.

b. Gas and Power Issues.

Laurie Park, Acting General Manager for Hetch Hetchy Water & Power, stated that the energy situation had worsened since November 2000.

Ms. Park reported that the California Independent System Operator (ISO) declared a number of state emergencies in November and December 2000 that called for load reduction due to limited power capacity. She talked about different measures that were taken to alleviate power shortages. ISO's protocol when at Stage 3 emergency is to stop the State Department of Water Resources from pumping water. The State also called upon the federal government to help with every available hydraulic resource. However, since these units had always been tapped, they are now running out of water.

Ms. Park stated that the market resource is short of gas and electric and the price is very high and volatile. She noted that the price of gas increased 336% compared to last year. The gas shortage was a result of increasing demand due to economic growth, and no new gas supply production to meet the high demand. There were also electric power plants taken down for maintenance or repair.

Ms. Park reported that staff was working hard to secure daily supplies but they were unable to lock monthly purchases of power. They are continuing to look at options for the next three months and explore longer-term solutions such as the wind project, Calpine power plant, generation plant at the Airport, and purchase of power on a longer-term basis. Commissioner Caen asked about the status of obtaining long-term contracts. Ms. Park stated that they tried to get a quote for five years but marketers were not responsive. In addition, prices are very high to lock in a five-year contract today.

President Normandy asked about SFPUC's representation in the governmental agencies dealing with this issue. Ms. Park stated that they have been working with the City Attorney's Office, who represents the SFPUC at FERC, ISO, CPUC and the State Legislature.

Mr. Mullane noted that staff would also provide the same report to the Mayor.

c. Pulgas Water Temple.

The Commission Secretary played a video clip of the news segment run by Channel 20 last week on WB Primetime concerning the history of the Pulgas Water Temple and Crystal Springs Reservoir.

8. Public comments on matters not on today's agenda.

The following individuals commented in opposition to fluoridation: Billie Barewald, of Mountain View Citizens for Safe Drinking Water; Barb Dawson; Gary Wesley; and Maureen Jones. Ms. Barewald read a white paper concerning fluoride and its harmful effects to immuno-compromised customers. She urged that non-fluoridated water be provided to these customers. Ms. Dawson said that there were scientific data that proves fluoride causes cancer, learning disabilities in children and other genetic problems. Mr. Wesley stated that the state legislation mandating fluoridation does not apply to the SFPUC until funding is provided. Maureen Jones of San Jose stated that the Journal of American Dental Association had said that fluoridation does not help children suffering from baby bottle tooth decay.

Nate Ratner commended the following SFPUC employees for their dedication to their respective assignments: Ray Yamagishi (Bureau of Light, Heat & Power), Tom Franza (Water Pollution Control), Tony Flores, Cal Gray, Bob Wang, Rick Johnson, and Mary Lew (all from City Distribution Division).

President Normandy stated that the SFPUC has an existing employee recognition program and he would like the program to also include nominations from the public.

REGULAR BUSINESS

9. Announcement following November 3, 2000 Closed Session which was adjourned due to lack of a quorum. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b): Position: General Manager, Public Utilities.

President Normandy announced that no action was taken during the Closed Session held on November 3, 2000.

10. Motion regarding whether to disclose the discussions during November 3, 2000 Closed Session.

Moved by Commissioner Cook, seconded by Commissioner Caen not to disclose the discussion during Closed Session; passed (5-0) unanimously.

11. Public Hearing: To consider adoption of the 2000 Urban Water Management Plan Update.

Staff Recommendation: Adopt the 2000 Urban Water Management Plan Update.

Ellen Levin, Water Policy Analyst with the Bureau of Strategic and Systems Planning, gave a presentation using overhead slides concerning the elements of the Urban Management Plan. Ms. Levin stated that the Urban Water Management Planning Act of 1983 required submission of an update to the SFPUC Urban Water Management Plan every five years beginning in 1985. The SFPUC submitted its initial plan in 1985. The updated plan is due to the State Department of Water Resources at the end of the month.

Ms. Levin talked about the elements of the plan: past, current, and projected water usage, water source and supply projection, reliability planning, demand management measures, water shortage contingency planning, and water recycling.

Commissioner Caen asked about the method used to project water demands. Ms. Levin responded that it was based on the Water Supply Master Plan collected from the Bay Area Water Users Association's (BAWUA) 1998-99 Annual Report. Mr. Art Jensen, BAWUA's General Manager, concurred with Ms. Levin and said the data was used in estimates and planning and was based on customers' estimates, needs, availability of supply from other sources, and water conservation.

Commissioner Makras asked whether the different agencies factored in projections and actual growth in their plans. Mr. Jensen responded that they did. The projections were based on approved general plans of only 5-15 year duration. The agencies considered build out in these areas and tried to assess future demands based on that information.

Commissioner Makras requested that staff provide the actual projected demand and break it down into the following categories: master plans anticipated growth; and real growth broken down into market housing, government subsidized housing, industrial, or commercial. He said he would like to see which cities are building what to determine future demand for water supply.

Mr. Jensen explained that not all of the agencies used the same method of projections and not all of them went into detail.

Michael Carlin, Manager of the Bureau of Strategic and Systems Planning, stated that they used a uniform data base put out by the Association of Bay Area Governments and came out with a 20-year projection of growth in cities, by county, industry and housing. He said he would provide the projections by county.

Ms. Levin clarified that the plan could be amended once it is submitted within the five-year period prior to actual update.

Commissioner Makras expressed his opinion that the projections were not real and we need to look at the actual growth. He suggested continuing the item until an accurate number is provided to the Commission.

At President Normandy's inquiry, Ms. Levin noted that there is no penalty for late submission. President Normandy recommended continuance of the item if there is no penalty for not meeting the deadline.

Commissioner Caen asked why a drought management plan for San Francisco was not addressed in the Urban Management Plan. Ms. Levin stated that the plan included what has been done in the past and what we are going to do in the future. She said an Interim Water Shortage Allocation Plan had been prepared and adopted by the Commission and if approved by BAWUA agencies would address water shortage. However, it does not address San Francisco. She said it was staff's intent to develop a Water Shortage Allocation Plan for retail customers. There was also a statement in the Urban Water Management Plan that a Contingency Plan for retail customers would be prepared. Commissioner Caen suggested developing a plan for managing drought in the City and include it in the Urban Management Plan.

Mr. Carlin stated that he would provide an agenda item at the second meeting in February to address a Drought Management Plan for San Francisco.

Mr. Mullane stated that including the shortage allocation plan for retail customers would delay the submission of the Urban Management Plan. He suggested referring to it in the Urban Management Plan. Staff will return to the Commission with a water shortage allocation plan for retail customers in San Francisco.

Commissioner Cook moved to continue the item to the next regular Commission meeting scheduled on January 9, 2001. Commissioner Makras seconded. The motion passed unanimously; (5-0).

12. Discussion and possible action related to filtration avoidance policy.

Steve Leonard, Special Assistant, presented a background on how the filtration exemption was obtained. The SFPUC negotiated an agreement with the Environmental Protection Agency (EPA) and the State of California to be exempt from filtering Hetch Hetchy water. Mr. Leonard talked about the criteria that must be met to maintain filtration avoidance status.

Mr. Leonard noted that current regulations require SFPUC to disinfect Hetch Hetchy water with a new form of disinfection either ultraviolet radiation or

ozonation. The cost of these disinfection process ranges from \$20 million to \$80 million.

Mr. Leonard talked about future capital needs; namely, improvement to the O'Shaughnessy Dam and the Priest Reservoir, new disinfection for Hetch Hetchy water due in 2005, new filtration capacity in the East Bay, San Joaquin Rehabilitation, alternative to Irvington Tunnel, and additional storage on the transmission system.

Mr. Leonard stated that Hetch Hetchy water would not have to be filtered in the near term but that could change due to changing values and technologies. Filtration avoidance requires extensive capital expenditure. It also requires extraordinary emergency operations due higher risks of potential interruption and boil orders.

Commissioner Makras inquired whether the \$20 million to \$80 million project was included in the 10-year Capital Improvement Program (CIP). Mr. Leonard responded it was not. Mr. Carlin explained that the Ultra Violet proposal was not included in the CIP, as it had not been perfected. However, ozonation is in the CIP plan. If we were to go with ultraviolet disinfection, the dollars would be about the same. He commented that the CIP changes every year and there may be projects that we may not have to do. Commissioner Makras suggested that the CIP should be amended as projects change.

Commissioner Makras recommended establishing a policy that all future agenda items concerning capital projects indicate whether the project is included in the CIP and bring it as an agenda item at the next Commission meeting.

Moved by Commissioner Makras, seconded by Commissioner Cook, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0277: Reaffirm SFPUC's policy to maintain the "filtration avoidance" status for Hetch Hetchy water; and direct staff to prepare and submit operating fund and capital project budget requests consistent with proactive maintenance of "filtration avoidance".

13. Discussion and possible action related to Hetch Hetchy Water Treatment Project Phase 2 – Chloramine Conversion.

Patty Mallett of the Bureau of Strategic and Systems Planning spoke to the item. She requested that the Commission adopt the Environmental Impact Report and CEQA findings and Mitigation Measures for the Chloramine Conversion Project. The EIR published in June 2000 had been certified by the Department of City Planning as meeting CEQA requirements. Ms. Mallett noted that the project is included in the 10-Year SFPUC Capital Improvement Plan.

Commissioner Makras stated that the agenda item indicated that if approved the project would cost \$45 million; and if it was not, there are projects that still need to be implemented. He asked what those projects are and their costs. Ms. Mallet responded that if we decide not to do the chloramine conversion, we would still need to address disinfection treatment issues at Tesla Portal Station and Harry Tracy Water Treatment Plant.

Ms. Mallett commented that \$20 million of the total project cost was for the dechloramination facility at Pulgas. All other facilities are new such as the ammonia feed facility at San Antonio Pump Station and the other dechlorination facilities. She said the Tesla project could be deferred but it would make sense to do the design now.

Commissioner Caen asked what were the \$2 million ongoing operational costs. Cheryl Davis, Water Supply & Treatment Division Manager, stated that it accounts for additional treatment chemicals such as chlorine and ammonia and other kinds of water treatment chemicals.

Commissioner Makras stated that he reviewed the EIR and the findings and he found them appropriate. He concurred with the Department of City Planning in adopting the EIR, as they were accurate for the project contemplated.

Moved by Commissioner Caen, seconded by Commissioner Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0278: Approve Project CUW143, Hetch Hetchy Water Treatment Project Phase 2 – Chloramine Conversion subject to future action by the Commission; and adopt the California Environmental Quality Act (CEQA) Findings and Mitigation Monitoring and Reporting Program with respect to the Final Environmental Impact Report for the project.

14. Discussion and possible action related to the SFPUC Lead Reduction Program.

Commissioner Caen asked whether other alternatives would be implemented aside from the Leaded Water Meter Replacement Alternative. Andrew DeGraca, Water Quality Bureau Manager, responded they would only be doing meter replacements.

Commissioner Caen inquired why staff was not going with the leaded plumbing component replacement. Mr. DeGraca explained that it was an expensive option. Instead, the Water Quality Bureau and the City Distribution Division would work together to replace lead plumbing components as they are reported. However, if the Commission would so direct, they will add it to the program.

Mr. DeGraca pointed out that the most cost effective alternative was meter replacement. He talked about staff's difficulty with offering free unleaded faucets to Child Care facilities, as most of them were not owners of the business.

Commissioner Makras stated that he would support acceleration of the program for certain groups of customers.

Commissioner Caen concurred with adopting the resolution as presented but she would like to include additional acceleration in the budget.

Commissioner Makras suggested acceleration of the program into two-phases: (1) Childcare Centers, High Lead Sites, Elementary School and Recreation Centers, Middle and High Schools, and Low Income Housing in one or two years; (2) the General Public Rebate Program at a more logical phase.

Moved by Commissioner Bhatt, seconded by Commissioner Makras, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0279: Direct the General Manager of Public Utilities to modify the existing Water Meter Replacement Program to use unleaded water meters at an annual cost not to exceed \$64,000, discontinue the purchase of leaded water meters, and include funding in the CDD FY 2001-2002 and subsequent years budgets to accomplish this policy.

15. Discussion and possible action related to reallocation of funds.

Commissioner Makras stated that he would support the item. He was concerned that on May 23, 2000, the Commission approved deobligation of the entire funds for O'Shaughnessy Dam Supply Well Modification Project to balance Hetch Hetchy's 2000-2001 budget. Now, we are moving the funds around. He commented that the agenda item undermines what was acted upon by the Commission. He would be looking to the next budget cycle to eliminate the ability to transfer funds. Ms. Park explained that subsequent to the deobligation of the project in May, a PUC Capital Improvement Program (CIP) Committee was formed in July to address project priorities and the Committee decided to put this project on a higher priority.

President Normandy stated that the Commission would be looking to institute new measures to reduce shifting of funds.

Moved by Commissioner Caen, seconded by Commissioner Makras, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0280: Approve the reallocation of a total of \$1,250,000 from Moccasin Reservoir Dredging Project to Priest Reservoir Bypass Project (\$725,000) and to O'Shaughnessy Dam Supply Well Modification Project (\$525,000).

16. Presentation regarding the SFPUC Outreach/Action Plan.

Carey Fletcher, Director of Communications, presented the Outreach/Action Plan, using electronic slides. Ms. Fletcher talked about the tasks of the newly formed Communications Group. The group's task was to form a comprehensive program that consolidates all SFPUC's communications needs. They are working to change public opinion of the SFPUC and to create a positive image for the organization.

Commissioner Makras asked who the lead spokesperson was for the SFPUC. Ms. Fletcher said the lead person would be the person who is controlling the project and who is most knowledgeable on it. President Normandy stated that there should be one identifiable spokesperson for the organization that understands all issues. He said having a number of spokespersons does not conform to SFPUC policy.

Mr. Mullane noted that the media spokesperson had been Beverly Hennessy and he assumed she would continue to be the spokesperson.

President Normandy stated that before implementing the Communications Plan, the Commission had to approve it first. He said the plan needed to include what the actual message is and where funds are.

Ms. Carey stated that the plan incorporates our intent and outlines some of the work staff was looking at; but as new things develop, they will return to the Commission.

Commissioner Caen commented that the 18-month timeframe for the plan was too long. Ms. Carey indicated that much of the work was already ongoing.

The Commission took no action. The item was for discussion only.

At 3:53 P.M., the meeting was recessed.

At 4:10 P.M., the meeting reconvened.

LEASES AND PERMITS

17. Discussion and possible action related to a revocable permit with the City of San Jose.

Moved by Commissioner Caen, seconded by Commissioner Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0281: Authorize the General Manager of Public Utilities to execute a revocable permit with the City of San Jose for approximately .036 acres of SFPUC land located on Bay Division Pipeline Nos. 3 and 4, Right-of-Way Parcel 121 in the City of San Jose for use as a public bicycle and pedestrian path.

CONSTRUCTION CONTRACTS

Advertise

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt Items 18, 19, and 20; passed (5-0) unanimously.

18. Resolution No. 00-0282: Approve the plans and specifications; and authorize bid call for San Francisco Water Department Contract No. WD-2319; 6 and 8-Inch Ductile Iron Main Installation in 18th Street between Sanchez Street and South Van Ness; in Lapidge Street between 18th Street and 19th Street; and in Dorland Street between Dolores Street and Guerrero Street.
19. Resolution No. 00-0283: Approve the plans and specifications; and authorize bid call for Clean Water Program Contract No. CW-243, Morris/Ritch/ Sterling/Rincon Streets Sewer Replacement.
20. Resolution No. 00-0284: Approve the plans and specifications; and authorize bid call for Clean Water Program Contract No. CW-285, Perry Street Sewer Replacement.

Award

21. Discussion and possible action related to San Francisco Water Department Contract No. WD-2316R. (Continued from the meeting of November 28, 2000.)

Commissioner Makras asked staff to provide the Commission with a detailed cost analysis of the contract and a scope of work by item. He requested that staff report to the Commission if in any 30-day period the project were off schedule or off budget. Mr. Mullane requested extending the 30-day window. Commissioner Makras stated that he would accept a number that is industry standard for reporting. Mr. Mullane will provide that information by the next Commission meeting.

Moved by Commissioner Makras, seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0285: Award San Francisco Water Department Contract No. WD-2316R, Sunol Valley Water Treatment Plant Improvement Project (SIP) Phase 1, in the amount of \$46,671,000 to Monterey Mechanical Company.

Commissioner Bhatt moved, seconded by Commissioner Cook to adopt Items No. 22, 23, and 24 collectively; passed (5-0) unanimously.

22. Resolution No. 00-0286: Award Clean Water Program Contract No. CW-234, Third Street Sewer System Improvements Phase III, in the amount of \$656,920 to Harty Pipelines, Inc.
23. Resolution No. 00-0287: Award Clean Water Program Contract No. CW-244, Oak/ McAllister/Folsom/Mission Streets Sewer Replacement, in the amount of \$742,640 to Shaw Pipeline, Inc.
24. Resolution No. 00-0288: Award Clean Water Program Contract No. CW-279, Lake Street and Arguello Boulevard Sewer Replacement, in the amount of \$353,163 to JMB Construction, Inc.

Amend

25. Discussion and possible action related to Hetch Hetchy Water & Power Contract No. HH-888.

Commissioner Makras commented that this was one more contract that has an extension for roughly 20% of the contract term.

Moved by Commissioner Makras, seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0289: Approve Modification No. 2 to Hetch Hetchy Water & Power Contract No. HH-888, Moccasin Sewer Replacement, increasing the contract amount by \$75,000, for a total contract amount of \$1,513,800; and with a time extension of 30 consecutive days for a total contract duration of 180 consecutive calendar days.

Close

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt Items No. 26, 27, and 28 collectively; passed (5-0) unanimously.

26. Resolution No. 00-0290: Accept work performed for Clean Water Program Contract No. CW-123R, Harding Park Sewer Replacement; approve Modification No. 1 increasing the contract amount by \$38,628; and authorize final payment in the amount of \$97,736 to Trinet Construction/Troy's Contracting JV.
27. Resolution No. 00-0291: Accept work performed for Clean Water Program Contract No. CW-212, Post/Grove/Potomac Streets Sewer Replacement; approve Modification No. 1 increasing the contract amount by \$76,661 with a time extension of 11 calendar days; and authorize final payment in the amount of \$98,029 to J. Flores Construction Company, Inc.
28. Resolution No. 00-0292: Accept work performed for Clean Water Program Contract No. CW-213, Greenwich/Clement Street/Precita Avenue Sewer Replacement; approve Modification No. 1 increasing the contract amount by \$7,090; and authorize final payment in the amount of \$57,074 to J. Flores Construction Company, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

29. Discussion and possible action related to Agreement No. CS-654, Small Business Technical Assistance Program.

Staff Recommendation: Authorize the Manager of the Bureau of Environmental Regulation and Management to advertise and request proposals for Agreement No. CS-654, Small Business Technical Program, to provide specialized pollution prevention technical assistance to the Bureau of Environmental Regulation and Management.

Commissioner Makras expressed concerns with the project with it not having defined goals, tasks, and an exit plan. If it is an ongoing project, he believed that there is no check and balance that we are reaching out to everybody.

Daniel O'Rourke, Project Manager, explained the elements of the program stating that it is an evolving program. They visit businesses and recommend changes on how to do their processes and they were successful in this regard.

Commissioner Makras noted that the agenda item does not demonstrate an ultimate goal and that he was looking for a program that would serve all of the customers and not just some.

Commissioner Normandy recommended continuing the item to the next meeting and directed staff to provide the extent of the work envisioned for the project and address Commissioner Makras's concerns.

Moved by Commissioner Cook, seconded by Commissioner Caen, to continue Item 29 to the next regular Commission meeting scheduled on January 9, 2001; passed (5-0) unanimously.

Amend

30. Discussion and possible action related to the professional service agreement with EDAW, Inc.

Cheryl Davis, Water Supply & Treatment Division Manager, pointed out that the timing, scheduling of the Environmental Impact Report is under the control of the Department of City Planning, and it has taken them more time to complete the EIR on the Peninsula Watershed Management Plan. The extension is beyond the control of SFPUC and EDAW.

Commissioner Makras noted that this is the ninth amendment to the agreement and the contract stated that the total term should not exceed 107 months. He commented that projects do not take a number of years to complete.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0293: Authorize the General Manager of Public Utilities to execute Amendment No. 9 to the professional service agreement with EDAW, Inc. extending the contract expiration date by six months to June 30, 2001 at no additional cost to finalize the Comprehensive Peninsula Watershed Management Plan and Policy.

CLOSED SESSION

31. Public comments on matters to be discussed in Closed Session.

There were none.

32. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Normandy, seconded by Commissioner Cook to assert the attorney-client privilege; passed (5-0) unanimously.

The Public Utilities Commission went into Closed Session at 4:30 P.M. to discuss the following items:

33. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: St. Paul Insurance Co./Sammy Chan

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John Mullane, Utilities General Counsel Vicki Clayton, and Commission Secretary Jill Thompson.

Moved by Commissioner Caen, seconded by Commissioner Makras to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0294: Recommend a settlement in the claim of St. Paul Insurance Co./Sammy Chan.

34. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Mae Harvey v. City and County of San Francisco, San Francisco Superior Court No. 302-170.

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, PUC General Manager John Mullane, Utilities General Counsel Vicki Clayton, and Commission Secretary Jill Thompson.

Moved by Commissioner Caen, seconded by Commissioner Makras to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 00-0295: Recommend a settlement in the case of Mae Varvey v. City and County of San Francisco, San Francisco Superior Court No. 302-170.

35. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

Item 35 was continued to December 14, 2000 at 10:00 A.M. in Room 400 in City Hall.

Following the Closed Session, the Commission reconvened in open session at 5:35 P.M.

36. Announcement following Closed Session.

President Normandy announced the actions taken during Closed Session.

37. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

Thereupon, the meeting was adjourned: 5:37 P.M.

Jill R. Thompson
Secretary

San Francisco Public Utilities Commission
City and County of San Francisco

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Government Information Center
100 Larkin Street, 5th Floor.



San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

**NOTICE OF ADJOURNED MEETING
OF DECEMBER 12, 2000**

MEETING WILL RECONVENE ON

December 14, 2000

10:00 A.M.

City Hall, Room 400

1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



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The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-5163; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site <http://www.ci.sf.ca.us/ethics/>.

**ADJOURNED MEETING - CONTINUED FROM THE REGULAR
MEETING OF DECEMBER 12, 2000**

(Item numbers correspond to the December 12, 2000 Agenda.)

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Public Comment

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE
RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC
UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

CLOSED SESSION

35. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and
San Francisco Administrative Code Section 67.10(b):

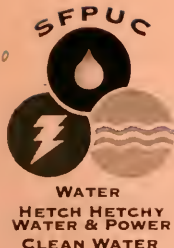
Position: General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL
RECONVENE IN PUBLIC SESSION.

36. Announcement following Closed Session.
37. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

4/00



San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

**ADJOURNED MEETING
CONTINUED FROM THE REGULAR MEETING
OF DECEMBER 12, 2000**

December 14, 2000
1:30 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

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Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY



Adjourned Meeting – Continued from the Regular Meeting of December 12, 2000
(Item numbers correspond to the December 12, 2000 Agenda.)

ORDER OF BUSINESS:

1. Call to Order: 10:02 A.M.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Frank L. Cook, Commissioner Ann Moller Caen, Commissioner Ashok Bhatt
3. Public Comments
There were none.

CLOSED SESSION

The Commission went into Closed Session at 10:04 A.M. to discuss the following item:

35. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Caen, Commissioner Bhatt, Public Utilities Commission General Manager John Mullane, Utilities General Counsel Vicki Clayton, and Commission Secretary Jill Thompson.

Following the Closed Session, the Public Utilities Commission reconvened in open session at 10:45 A.M.

36. Announcement following Closed Session.

Regarding Item 35, President Normandy announced that the Commission has unanimously agreed upon a list of candidates to be forwarded by the President of the Public Utilities Commission on behalf of the Commission to the Mayor for his consideration.

37. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Cook, seconded by Commissioner Bhatt, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

Thereupon, the meeting was adjourned: 10:46 A.M.

Jill R. Thompson
Secretary

A handwritten signature in dark ink, consisting of a large, stylized 'V' or '2' shape, located in the bottom right corner of the page.

